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LATIN AMERICA REPORT

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PROGRESS REPORT ON EXPERIMENTAL SOLAR ENERGY PROJECTS

La Paz PRESENCIA in Spanish 8 Mar 81 p 3

[Article by Armando Cardozo: "Solar Energy on the Altiplano"]

[Text] The Ulla Ulla project, assigned to INFOL, considers solar energy useful and important for rural development. Its contribution to physical well-being in an extremely cold area (4.4 degrees Centigrade being the yearly average) is being tested in initial and simple stages, such as heating the air and water as well as using solar tents.

The heating of technicians' houses and five coeducational schools is functioning satisfactorily; however, an attempt will be made to improve the methods in the seven new schools being built this year. The temperature is approximately 8 degrees higher inside the buildings than outside. Noon lighting and heating were used to arrive at this comparison. Moreover, heating and heat-retention arrangements were made through east-west corridors, thus taking maximum advantage of the sun.

A solar tent measuring 72 square meters was set up at the Ulla Ulla Experimental Station in October 1980. In principle, it was used for growing cereals, and the growth was incredibly rapid. Later, the station experimented with the planting of radishes, and lettuce is now being produced. The rapid growth of these vegetables exceeded the expectation of the experts. Production exceeded the consumption of the 16 participants of the experimental station's dining room. The excess production is being used in an illustrative way to feed any visitors who come to the station out of curiosity. The horticultural program will enable the staff dining room to be self-sufficient in its vegetable needs.

To satisfy their curiosity, the experts have sown corn and peanuts; they also have a lemon tree and an apple tree, and a tropical fruit is to be included. All these exotic plantings are in excellent condition and are on display for the benefit of visitors.

All these positive results are being well received in the area. Rural professors of the Ulla Ulla scholastic corps have requested the installation of a solar tent on their premises to facilitate the learning of vegetable planting. The solar vegetable garden will be under the supervision of the agricultural professor, and the produce will be distributed to the students taking part in the planting. Part

of the produce will be used to pay for the cost of the solar tent which the group's directorate must provide in order to improve and increase the output of their solar gardens.

Fortunately, these gratifying results are not confined to Ulla Ulla. The Anallajchi project, an association of 18 communities with private counsel, has managed not only to heat the air but also the water; it has achieved an initial production of biogas on a small scale. Windpower is also being used.

Another project, being conducted by the Inter-American Women's Council (CIM), is promoting solar vegetable gardens on a larger scale.

These applications show the feasibility of the use of nonconventional power sources and the ready willingness of farmers and national organizations to use sources considered unavailable up to now. Nevertheless, more emphasis will have to be put on the use of waterpower. Although such a plan is more costly, the results will be gratifying in the rural area. It has been ascertained that Bolivia uses only 4 percent of this type of power. With waterpower, it would be possible to enhance the well-being of the farmer and his family.

8568

CSO: 3010

AUTOMATIC PRICES PROPOSED TO SPEED UP GAS NEGOTIATIONS

La Paz EL DIARIO in Spanish 7 Mar 81 p 3

[Text] Bolivia is consulting with Argentina on the adoption of an automatic system based on a mathematical formula and providing for periodically fixing the price of natural gas exported to that neighboring country.

According to information given the news media by Frig Capt Lider Sossa, minister of energy and hydrocarbons, such a system has been under consideration for many years, and negotiations on its finalization are to be resumed during the second half of April between technical representatives of YPFB [Bolivian Government Oil Deposits] and Argentine State Gas.

In 1971, YPFB signed a 20-year contract with Argentina for the purchase and sale of natural gas; the contract stipulated a price of \$0.25 per thousand cubic feet. However, the international energy crisis of 1973 and 1974 forced the YPFB directorate to request an amendment to the contract; after lengthy negotiations, an amendment was drawn up calling for a revision in the price of natural gas every 6 months. But this did not give the desired effect either; on the contrary, it resulted in negotiations which lasted for months and which, in the end, also gave unsatisfactory results. Hence, Bolivia's interest in a mathematical system which will establish prices periodically--in this case, every 6 months.

"Consequently, it is now a matter of revising Clause 10 of the second contract and replacing it with a mathematical formula which will speed up negotiations on the fixing of prices for Bolivian natural gas," Minister Sossa said. In conclusion, he mentioned that the formula is already in the planning stage and that Argentina is aware of this.

Lastly, in justifying the sale of natural gas, the government official commented that, without this kind of trade, it would not be possible to obtain the income provided by the sale of that gas and which serves to take care of the country's energy requirements.

8568

CSO: 3010

USE OF LIQUEFIED GAS CALLED TEMPORARY MEASURE

La Paz PRESENCIA in Spanish 9 Mar 81 p 3

[Text] "A contract for the supply and installation of equipment for replacing fuel oil with natural gas as a foundry fuel will be signed by the end of this month," the National Smelting Enterprise (ENAF) announced.

The work will be performed by the German firm, Klockner, which also built the high- and low-grade foundries. Before the contract is signed, the government will have to approve the latest proposal and the project's engineering and financing.

According to information from ENAF, if schedules are kept, the installation of the new fuel equipment would begin next month. It is estimated that the work will take from 15 to 18 months.

This project is in keeping with the government's policy of eliminating the use of heavy fuels in view of increasing difficulties confronting Bolivian Government Oil Deposits [YPFB] in producing those petroleum derivatives.

(According to official plans, a similar replacement will be made in the La Palca tin volatilization plant; new mining-metallurgical complexes will be designed for the use of liquefied or natural gas.)

ENAF is meeting with YPFB to work out a gas-supply system to be installed in the Vinto complex. According to the latest official information, it is possible that three tanks may be installed, each having a capacity of 70 tons of liquefied gas.

The use of liquefied gas will be temporary. Subsequently, when the Santa Cruz-Cochabamba-Oruro-La Paz gas pipeline enters into operation, natural gas will be used, according to official word.

ENAF advised that the change will be made initially in the low-grade tin foundry; secondly, it will be made in the high-grade foundry; and, shortly after that, very likely in the antimony plant.

Foundry sources confirmed that the use of liquefied gas will result in substantial savings in fuel expenditures.

YPFB GUARANTEES FUEL OIL FOR VOLATILIZATION PLANT

La Paz PRESENCIA in Spanish 26 Feb 81 p 10

[Text] "Bolivian Government Oil Deposits [YPFB] is guaranteeing enough fuel oil to operate the low-grade tin ore volatilization plant built in La Palca (Potosi)," it was officially announced.

Frig Capt Lider Sossa Salazar, minister of energy and hydrocarbons, told PRESENCIA that YPFB has taken all necessary steps to assure the supply of fuel to the new industrial plant to enable it to begin production operations as soon as possible.

He said that an official communique to this effect was sent to the Ministry of Mines and Metallurgy last week.

Thus, the danger of indefinitely postponing the startup of the La Palca volatilization plant has been overcome. About a month ago, Bolivian Mining Corp officials had advised that the plant was ready to begin producing high-grade tin oxide but that the plant's inauguration would not be possible unless YPFB guaranteed the supply of the necessary fuel oil.

According to the latest official schedule, the volatilization plant was to start up during the second half of January. Operations were subsequently postponed until the end of this month due to difficulties in guaranteeing the supply of fuel.

Meanwhile, there is no official information as to the precise date of the inauguration of this industrial plant.

The energy minister advised that YPFB's commitment to supply the fuel is in response to a request made opportunely by the Ministry of Mines and Metallurgy. According to that request, the volatilization plant needs approximately 26,000 cubic meters of fuel oil just in the first half of this year.

YPFB's commercial reprogramming and a recent agreement for an exchange of fuels with Brazil--already in effect--are making it possible to guarantee that there will be no difficulty in supplying the necessary fuel. "The problem will eventually be definitely resolved when YPFB is able to increase its production of heavy fuels, thanks to the exploitation of the Porvenir field, scheduled to begin producing in August," the minister said.

During its first year of operation, the La Palca plant will operate with fuel oil. But contracts have already been signed for technical changes which will make it possible to replace fuel oil with natural gas, beginning with the second year.

The modification project is to be carried out by the Soviet firm, Machineexport, which was also responsible for supplying and installing the equipment. According to technical information, fuel (fuel oil or natural gas) is used both in heating the furnaces and in the "reduction" process.

To handle the supply of natural gas, YPFB has built a gas pipeline which extends from Sucre to the volatilization plant itself.

8568

CSO: 3010

BRIEFS

DIESEL SHORTAGE CAUSES RATIONING--Tarija, 23 Feb--This city has been subjected to strict electricity rationing due to a shortage of diesel fuel used in operating the Villa Avarua generating plant. For 2 days, the people were permitted to use electric current only at night, with resultant inconvenience. In view of this situation, Bolivian Government Oil Deposits arranged to have fuel transported from Potosi to resolve the acute problem. Nevertheless, the supply of diesel fuel, although sufficient to meet current needs, does not permit any stockpiling as a margin of safety against any emergency which might arise; therefore, daily rationing was instituted from midnight to 0500 hours. Tarija is almost totally supplied with thermoelectric power, and problems will continue to occur until hydroelectric plants are installed, as planned; in addition to guaranteeing efficient service, hydroelectric plants will permit a substantial reduction in operating costs. [Text] [La Paz PRESENCIA in Spanish 24 Feb 81 p 2] 8568

CSO: 3010

1980 ELECTRIC POWER CONSUMPTION UP 10.5 PERCENT OVER 1979

Sao Paulo POLJA DE SAO PAULO in Portuguese 3 Mar 81 p 7

[Text] Brasilia (local bureau)--The total consumption of electric power last year increased by 10.5 percent over the figure for 1979--a percentage slightly larger than the percentage forecast, which had indicated an increase of 10.3 percent. In any case, it was determined (although preliminarily) that the rate of growth in electric power consumption last year was less than the rate (13.7 percent) recorded for 1979 by comparison with that recorded for 1978.

These figures were obtained in a preliminary survey conducted by the marketing department of ELETRONORAS [Brazilian Electric Power Companies, Inc]. The survey reported that the region registering the largest increase (15 percent) was the Center-West, whereas the corresponding forecast had indicated only a 9.8 percent increase. This unforeseen increase in consumption in the Center-West is explained by the technical experts as resulting from the entry into operation of new projects and the increase in the number of residential consumers.

As for the other regions, preliminary figures for 1980 consumption reveal the following percentages of increase: North, 12.9 percent, compared to the forecast of 11.5 percent; South, 14.1 percent, compared to the forecast of 12.1 percent; Southeast, 9.7 percent, compared to the forecast of 9.1 percent; and Northeast, 10.4 percent, compared to the forecast of 15.8 percent. The Northeast was the only part of the country where the increase in electric power consumption was less than had been forecast.

In the Southeast region, a preliminary survey of individual enterprises indicates that the largest increase in consumption (16.2 percent) occurred in the area served by CEMIG (Ninas Gerais Electric Power Company), compared to the forecast of 13.3 percent. The second largest increase was recorded by CESP [Sao Paulo Electric Company], with an increase of 15.9 percent compared to the forecast of 12.1 percent. The other companies of the Southeast recorded the following increases in consumption: CEL (Rio de Janeiro Electric Power Company) 14.9 percent, compared to the forecast of 13.7 percent; the Sao Paulo Power and Light Company (CFL) 10.9 percent, compared to the forecast of 13.1 percent; Light-Sao Paulo 7.2 percent, compared to the forecast of 7.6 percent; and ESCISA (Espirito Santo Electric Power Plants, Inc) 4.5 percent, compared to the forecast of 3.3 percent.

1990

CSO: 3001

FIGURES ON OIL PRODUCTS EXPORTED TO SOUTH AMERICA, AFRICA

Rio de Janeiro JORNAL DO BRASIL in Portuguese 28 Feb 81 p 16

[Text] Last year PETROBRAS [Brazilian Petroleum Corporation] exported a total of 14 million barrels of petroleum products for a total of \$530 million to the countries of West Africa and South America. Diesel oil accounted for a greater share of this total revenue than any other product, with sales of 3 million barrels for a total of approximately \$140 million, representing 26 percent of the total amount of petroleum products sold. As between imports and exports--particularly those of diesel oil--the enterprise obtained a net revenue of \$3.50 per cubic meter, yielding a favorable balance for PETROBRAS of \$1.8 million.

The state enterprise actually purchased more diesel oil than it sold, importing a total of 4.2 million barrels. The favorable balance between purchases and sales is the result of secret negotiations which the concerned countries conduct but do not disclose, so as not to alert their competitors in the petroleum market. The average price for petroleum products exported by PETROBRAS was 26 percent above the average price for the petroleum imported. The total amount spent by PETROBRAS on its imports of petroleum products also came to \$530 million.

The 3 million barrels of diesel oil exported were sold on the foreign market for approximately \$45 per barrel, for total receipts of \$140 million. Negotiations on the petroleum market are very ingenious. According to a PETROBRAS source, a company will frequently lose a given amount in selling a given product (ranging from kerosene to gasoline) in order to come out ahead in negotiations involving a "package" of products.

Imports of diesel oil increased last year more than had been anticipated. Concerned over the outbreak of war between Iran and Iraq, PETROBRAS sought to purchase more diesel oil to protect itself strategically against a possible cutoff of the supply of petroleum from the belligerents, and accordingly last September purchased--in the Middle East--7,000 barrels of diesel oil that had not been scheduled. PETROBRAS did not disclose the prices paid for the product but gave assurances that they were not much above the market prices.

The \$530 million in total sales of petroleum products during 1980 represented a 57 percent increase over the corresponding figure for 1979. PETROBRAS' major market is still West Africa, with sales in 1980 of 2.5 million barrels to Zaire and 1 million to the Congo. The African market, in fact, accounts for 40 percent of PETROBRAS' total sales. In South America, principally Argentina, PETROBRAS sold 1.9 million barrels of diesel oil.

JETICORAS' sales to Nigeria totaled 200,000 barrels, but in March JETICORAS expects to sign new contracts that will increase its supply of products to that country. The corporation says that the sale of diesel oil did not adversely affect the domestic supply of petroleum products, inasmuch as the total of 14 million barrels exported represents only 14 days of domestic consumption.

10092

000: 3071

1985 ALCOHOL PRODUCTION GOALS SEEN THREATENED

Sao Paulo FOLHA DE SAO PAULO in Portuguese 5 Mar 81 p 17

[Text] Brasilia (Local bureau)--The 1985 alcohol production goal of the National Alcohol Program [PROALCOOL] is seriously threatened. Since December 1980, when the new system of financing (a system which reduces incentives for entrepreneurs) went into effect, no new distillery project has been scheduled under the new conditions. The PROALCOOL budget for the current year (34.5 billion cruzeiros) represents an additional threat to the program. When the government undertook PROALCOOL as a priority project it made a commitment to allocate \$1 billion per year for the purpose, but this year, for example, these funds will total less than \$500 million. These problems have already led to the formation of a team within the Ministry of Industry and Commerce [MIC] to study alternative solutions.

There is a continuing backlog of 100 projects (representing a total production capacity of 2.2 billion liters). This backlog represents the difference between projects scheduled and projects actually contracted for--a circumstance which demonstrates that funds for financing PROALCOOL are not as readily available as the government leads us to believe. The financial officials allege that the time lag reflects the time required to conduct a survey of the financial situation and physical resources of the prospective alcohol distillers, even though the latter may have been evaluated previously by other entities of various jurisdictions.

Another problem is the long time required for saturation of the current projects for autonomous distilleries, which are taking longer to bring into production than had been anticipated. The technical experts believe that this shortcoming stems from the forecasts themselves, which are based on experiments made using attached distilleries (distilleries operated in conjunction with sugar mills) which have the advantage of possessing a structure already in place and ready to facilitate expansion of the new distillation units.

Actually, when the MIC promised that the 1985 goals would be achieved by the end of the first half of that year its commitment was not that the projects would be contracted for by that time but merely that they would be incorporated into CONAL [expansion unknown]. The awarding of contracts is outside the jurisdiction of that entity, inasmuch as its decision is dependent on the decision of SEPLAN [Planning Secretariat], whose record in respect to releasing funds is not conducive to much optimism.

The government will this year realize a minimum profit of 71 billion cruzeiros from the mixture of alcohol and gasoline. Alcohol enters into the total price of the resultant gasoline as if it were priced at 60 cruzeiros per liter; the government pays the producer an average price of 28 cruzeiros per liter, so that it receives a net profit of 32 cruzeiros per liter. In 1981 a total of 2.22 billion liters of alcohol will be mixed with the gasoline, and the total revenue thus generated will be on the order of 71 billion cruzeiros. Under the new law the 71 billion will be earmarked for the Energy Mobilization Fund, which is under the control of SEPLAN.

Minister of Industry and Commerce Camilo Pena last year already foresaw the difficulties that would result from the centralization of the authority to release funds and accordingly proposed that management of the funds for PROALCOOL be transferred to the BNDE [National Economic Development Bank] in order to "debureaucratize" the process of financing, which is controlled by the Central Bank and implemented by various financial officials. The minister's proposal was not accepted by SEPLAN, which is currently studying the offer of a loan from the World Bank of \$1 billion, for a term of 4 years.

Taking all these aspects into consideration, the production of alcohol will at best not exceed 6.8 billion liters in 1985, assuming that the period of maturation of the projects is reduced. The actual process of awarding contracts is compromised, however, by the fact that it is approximately 100 projects behind schedule.

10932

CSC: 3001

WOOD COAL PROGRAM CALLS FOR LARGE-SCALE REFORESTATION

Rio de Janeiro JORNAL DO BRASIL in Portuguese 8 Mar 81 p 19

[Text] Brasilia--Between 1981 and 1990 a total of 2 million hectares of natural forest throughout the nation will be deforested in connection with the wood coal program, if the program is approved at the end of the month by the National Energy Commission [CNE]. The program calls for the substitution--by the end of the decade--of 25 percent of all fuel oil consumed in Brazil.

The interministerial working group consisting of representatives of the Ministry of Mines and Energy, Ministry of Industry and Commerce, Ministry of Agriculture, Planning Secretariat, and the CNE itself, concluded its study last Wednesday and has already transmitted it to the CNE for review at the commission's next meeting, to be held late this month.

Deforestation

In the period 1981-1986 a total of 922,760 hectares of natural forest will be deforested, according to the following distribution (by region): North, 197,210 hectares; Northeast, 443,240 hectares; Southeast, 217,230 hectares; South, 12,800 hectares; and Center-West, 52,280 hectares. This exploitation of the natural forests will complement the reforestation program, which for the period 1981-1986 will have reforested a total of 365,845 hectares. In the period 1986-1990 more than 1 million hectares of forest will be deforested in accordance with the program.

There was a difference of opinion between the Ministry of Agriculture and the IBDF (Brazilian Forestry Development Institute)--an entity linked to the ministry itself--regarding the question of the areas of natural forest to be deforested. Whereas Minister of Agriculture Amaury Stabile would like more reforestation (and less deforestation) of natural forests, the IBDF has adopted a position which one of the technical experts of the working group regarded as "surprising": a position in favor of less reforestation and more deforestation which also proved to be the victorious thesis.

The substitution of wood (in the form of wood coal or alcohol, or even wood as such) for fuel oil will take place in the following percentages year by year, according to the report: 1981, 5.61 percent; 1982, 7.48 percent; 1983, 11.44 percent; 1984, 14.96 percent; 1985, 19.52 percent; 1986, 20.94 percent; 1987, 21.48 percent; 1988, 22.77 percent; 1989, 24.39 percent; and 1990, 26.26 percent.

In 1990 the total substitution, in terms of nationwide consumption, will be distributed as follows: North, 2.98 percent; Northeast, 7 percent; Center-West, 0.79 percent; South, 1.10 percent; Southeast, 13.13 percent.

Vegetable Oils

Another interministerial working group (also created by the National Energy Commission) has just concluded a study concerning the utilization of vegetable oils as a substitute for diesel oil. Diesel oil, which is at the present time the fuel most used in Brazil (approximately 18 billion liters per year) heads the list of products that require the importation of petroleum, hence the importance of finding a substitute for it.

The report submitted by the group estimates that 26.7 percent of domestic consumption of diesel oil can be replaced by vegetable oils as of 1990. Taking into account the gasoline surplus--which could reduce the demand for diesel engines--the report states that this substitution could reach 40 percent by that year.

In order to meet this target, the production of vegetable oils would have to be increased to the following amounts: 1981, 2.91 million tons; 1982, 3.31 million tons; 1983, 3.76 million tons; 1984, 4.48 million tons; 1985, 5.43 million tons; 1986, 6.12 million tons; 1987, 6.9 million tons; 1988, 8.1 million tons; 1989, 9.76 million tons; 1990, 11.79 million tons. The 1990 production total would be distributed as follows: 2.77 million tons for domestic food consumption; 100,000 tons for export; and 8.92 million tons for use as fuel.

10992

CSO: 3001

REPORTAGE, PERCEPTIONS ON VIOLA'S VISIT TO THE U.S.

Viola's Remarks Analyzed

Buenos Aires LA PRENSA in Spanish 19 Mar 81 p 9

[Article in "Observer" Column]

[Text] The silent approach that Lieutenant General Viola has taken since his designation as president of the nation, deviating from it with only occasional public statements, has stemmed from his understandable desire not to interfere with the acting administration and to zealously avoid being dubbed a "cogovernment" during the period about to conclude.

Hence, the statements that he has made during his visit to the United States, which are quite a bit more extensive than what we are used to, are of keen analytical interest. Everyone is, of course, aware of the significance of his visit, whose purpose is surely to bring about a hoped-for smoothing out and clarification of official relations with the United States, which had undergone well-known setbacks during the Carter administration. Regardless of the results that the trip might achieve and about which it is still too early to voice an opinion, the future chief of state's remarks do offer some guidelines for commentary.

A 'Stable' Democracy

In his speech on Monday to the Latin American ambassadors stationed in Washington, Lieutenant General Viola asserted that his government's function would be "to help achieve a representative, federal and stable democracy." He cautioned, however, that the return to this political model "will not take place tomorrow nor within a month; rather, it will require prolonged efforts."

The first thing that strikes us is his careful wording. "To help to achieve" is not the same as "to achieve" or "to obtain." It means only aiming in that direction, without promising that the ultimate objective will be attained, at least during his mandate. Therefore, this phrasing is consistent with the extension in time mentioned in the second part of his remark.

This might discourage the impatient people who advocate a swift political opening but it is not too comforting either to those who have their doubts about one, because he has not clearly indicated (in fact, he has not even

outlined) the instruments for achieving a "stable democracy," an expression to which we are certainly accustomed and that has been used for the last 5 years to describe (or try to) the basic purpose of the National Reorganization Process.

Representativeness and federalism are both features of our institutional system and are contained, as everyone knows, in Article 1 of the constitution. Their vitiation in recent times fully justifies the current endeavor to restore their true meaning.

The concept of "stability" in connection with democracy does not, however, have constitutional status, because it does not appear in any of its provisions. It is a premise for the functioning of democracy, which would otherwise degenerate into tyranny or demagoguery. Thus, despite the official emphasis, stability is not just a characteristic of democracy; it is an inherent part of it, because otherwise it would not exist.

Question Without an Answer

Independently of the conceptual redundancy that I have explained, there can be no doubt that "instability" has characterized the last 40 years of Argentine history, because of the successively alternating and altered (the phrase is an apt one) "strong" military and "weak" civilian governments, although this categorical a generalization could be somewhat unfair.

We would have to agree, however, that whether good or bad, these have been the realities of our political history, and therefore the current authorities have diagnosed the problem accurately. The question that then arises and that has been on everyone's lips for a long time now is: how do we break out of this chronically cyclical situation. So far we have gotten no farther than a diagnosis, a mere examination of the symptoms; we have not worked out a prescription for reversing this harmful state of affairs.

Once the public order crisis was surmounted, this being the number one objective of the 24 March 1976 rebellion, very little seems to have been accomplished and even less has been planned in connection with a return to institutional normalcy. A set of Political Foundations, laboriously drafted but very general in their content, followed by a dialog that yielded scant results, constitutes the meager achievements that we can tot up in this regard. Five years have gone by, and we cannot justify the uncertainty over the political parties statute and the future election law, studies on which are said to have begun, although in the utmost secrecy. Such circumspection, which the president-designate's remarks suggest will last indefinitely, gives rise to a widespread and understandable concern, if not dissent.

We are running the risk that by heeding the argument of alleged future stability we will destroy ourselves in a present of total stagnation. Politics is the art of the possible. It has never been the structure of what is perfect. And this zeal for perfection, for an ideal democracy might give us a permanent transition that will be to very few people's liking and that will displease everyone to a greater or lesser extent.

A Step Backwards

The government's only major attempt to promote the "stable democracy" that has been proclaimed so often was the controversial idea of institutionalizing the Armed Forces so that they could act as a sort of check on the constitutional branches and prevent potential deviations by the people who eventually head them up.

This idea, whose drawbacks I have had the opportunity to comment on, was definitely discussed at the meetings of the political dialog, but for now it has been, if not completely abandoned, at least put on ice in the secret studies and projects that the Interior Ministry is looking at. This is surely a prudent decision because what military involvement in the government really entailed was outfitting democracy with a go-cart so that it would follow the path that the military charted for it, which would not necessarily guarantee the intended stability. We must realize that the military, whose present-day unity is taken for granted, will not always necessarily preserve its cohesiveness, inasmuch as our recent history contains examples of confrontations between its officers, as was the case with the "blue" and "red" factions, to mention just two of the major ones. This means that the military could, under certain circumstances, become just as unstable as the civilian sector and therefore could hardly be a lasting guarantee of stability.

Vaccines and antibodies against the instability of democracy do not yet exist; we have only the constitutional arrangements that are already established. If they are damaged, as has happened in the past, democracy itself, not just stability, will be lost.

Political Gains Noted

Buenos Aires LA NACION in Spanish 20 Mar 81 p 10

[Article by Enrique Ardisson, LA NACION correspondent in Washington:
"Differences Within a Climate Suited to Dialog"]

[Text] New York--Viola, who has spoken to a wide range of people during his lengthy professional career, discovered on his visit to the United States, this time as a statesman, that in an atmosphere in which people are largely ready to listen to his opinions, differences of accessibility can be established in connection with an extensive and illustrative dialog. Because of her knowledge of our country, Jean Kirkpatrick, the White House's ambassador to the United Nations, a cabinet-level post, was unquestionably one of the people who did the most to give the president-designate a good opportunity to set forth his views.

How can we fail to underscore this development when one of the things that the ambassador told him was that the United States has undergone a peaceful revolution that marks the start of a new cycle of history in her country, which will demonstrate an intelligent willingness, for example, to gage the scope of the recent war on subversion and the overall situation in Argentina?

As if this contribution to a lively continuation of the talks were not enough, she told of the excellent impressions she had on her visit to Buenos Aires and underscored that the Argentine regime is not a one-man rule but a regular and institutionalized system with an independent Judiciary.

Lieutenant General Viola wanted to know why Mrs Kirkpatrick wrote her PhD thesis on Peronism. In her quick reply she summarized her interest in French, Italian and Spanish politics, in other words the nations bordering the Mediterranean on the Old Continent. With this as background, she described Argentina, without divorcing it from Latin America, as a markedly European country with respect to its politics and the idiosyncracies of its citizens.

Confidence

Videla's future successor, who told her about his talks with Reagan, Haig and Bush, during which they looked at the basic features of the process, and his predominantly technical discussion with Secretary of Defense Weinberger, outlined the events prior to 1976 and asserted that the coup in March of that year was perhaps the first one that had unanimous backing, because the coups that had been undertaken previously had had the support of only certain factions of the military and of political parties. Throughout their talk Viola stressed the importance of his contacts with Reagan and Haig and their agreement on what is happening in Central America, El Salvador in particular. Restating in part her comments on our country's distinctive individuality, Mrs Kirkpatrick then expressed her confidence that during this new stage of bilateral and continental relations, Argentina, as a spokesman of the Spanish-speaking world, will help the United States to have a better and more accurate image of the Latin American region.

If it is useful to emphasize that his talk with the ambassador followed flexible guidelines for their exchange of ideas, we should also make the point that the same pattern applied to Lieutenant General Viola's meetings here in New York with David Rockefeller and other Chase Manhattan Bank executives and with officers of the American Jewish Committee. No one, neither Viola nor the persons he spoke with, went off on tangents. They talked about specific issues. For example, at the first-mentioned meeting the president-designate was asked whether he would continue the current economic policy. Viola responded promptly and without raising doubts about what his administration would do in this regard: that the guiding principles of the policy pursued so far would be respected, in other words, the unfettering of the economy, promoting the private sector, a secondary role for the state and a safeguarding of private property, principles, he emphasized, that the Armed Forces and the new cabinet share. He clarified, however, that adjustments would be made to compensate for the efforts that all sectors have exerted, and he did not fail to mention agriculture specifically.

Support for Investment

In a nutshell, Viola gave a rundown of ideas that are designed to gradually put the economy on a sound footing and cut the rate of inflation, and he gave assurances that Argentina offers all sorts of guarantees for productive foreign

investment by virtue of its political and institutional stability. The possibility that the new managers of the economy would visit the United States to underscore backing for such investment was left up in the air, but with an eye towards allaying concerns.

At one point David Rockefeller voiced regret that Viola had been unable to attend the luncheon yesterday at the Chase Manhattan Bank, but he hastened to add that General Haig had told him over phone that he was deeply pleased about his get-together with Argentina's president-designate. In addition, Rockefeller mentioned the future president's success in his meetings with lawmakers, particularly with leading liberals like Claiborne Pell, a very prestigious senator and leader of the Democratic minority on the Senate Foreign Relations Committee and who has also published highly thought-of studies on the law of the sea.

Pell had conceded some hours before that he understood the situation in Argentina much better after his contact with Viola.

Among the other executives taking part in this meeting was Mr Butcher, who will soon take over the top spot on the bank's Board of Directors.

Religion and Race

As we mentioned, representatives of the powerful American Jewish Committee also spoke with Lieutenant General Viola. An authorized spokesman summed the meeting up: "They came to terms." One of the issues they broached was the reaction in Argentina not only on the part of the various religious communities but also from the Catholic Church itself, to the attempt to give education a religious bent. Viola, who listened attentively to their remarks on the subject, conceded that this had, in fact, been attempted and that the reactions were as they said. When they claimed to have heard reports that another such endeavor had been made a little more than a month ago, he stated that there should be no reason for suspicions and misunderstandings because our country would respect its lay tradition. They made reference, without giving names, to anti-Semitic publications, to the alleged or actual desecration of grave sites and to bombings at Jewish schools or synagogues. Viola replied that he was unaware of such publications, recalling, however, that 4 years ago he had relayed to the government a concern voiced to him in this regard and that the investigation eventually showed that the account was without substance.

As to the desecration of graves, he replied that nothing of the sort had gone on, at least in recent times, and with regard to bombings, he categorically asserted that security measures are and would be in effect to prevent such attacks but that neither he nor anyone else could give assurances about what some group of maladjusted individuals might do, adding that the U.S. Government could not be held responsible for the wave of child murders that have jolted the city of Atlanta.

The president-designate did not fail to tell personal anecdotes, some of a family nature, that show him to be a sincere friend of the Jewish community

but that aside from and beyond this served to lighten a highly cordial dialog, which once again highlighted Viola's ability at conversational give-and-take.

The remaining activities that the future president carried out during the final hours of his fruitful visit to the United States are reported on elsewhere.

Viola Described as Satisfied

Buenos Aires LA NACION in Spanish 18 Mar 81 p 1

[Article by special correspondent Cesar Ivancovich, from Washington]

[Text] The implementation of an arrangement for consultations between the presidents of the two nations has clearly been the most important concrete accomplishment of Lt Gen Roberto Eduardo Viola's visit to the United States.

His meeting this afternoon at the White House with Ronald Reagan put the final touches on this avenue for smooth communications between the two governments, which the Argentine president-designate had stressed so strongly throughout his visit here.

When Viola told newsmen at the close of the meeting that he "basically brought up the need for personal contacts, a man-to-man familiarity between the authorities of the two countries," he was using different words to describe the establishment of this mechanism for consultation.

Cordial Climate

Their half-hour meeting transpired in a cordial climate, "much more so than I had expected," the future Argentine president remarked at the press conference.

As to the issues addressed, they were the same ones broached during his meeting with the secretary of state, but in a generally more superficial manner, except for the facets that necessitated a bit more attention from Reagan. Haig himself mentioned them, almost as if reading from a list.

Reservations in Congress

"If he makes it through this stretch alright, and hopefully he will, then there will be gains in every area, because his meeting with Haig has already yielded results, and it is taken for granted that his get-togethers with Reagan and Weinberger will too." This is more or less a synopsis of what several spokesmen said in congressional anterooms minutes before Lieutenant General Viola made contact that morning with the Foreign Relations Committees of the two houses.

The reservations had to do with the kind of understanding that the visitor might encounter among the legislators, because the presence of the Democrats could hamper the discussion regarding human rights.

The soundness of the future president's arguments enabled him to easily get through this tough stretch, however, and the human rights issue was said to have taken up the least amount of time in their talk.

He also defended the massive wheat sales to the Soviet Union, arguing that aside from the decision's economic significance to the country, it is difficult to join in a grain embargo, especially when the nation promoting it does not seem certain that it wants to keep it going.

Arms Sales

The issue of arms sales to Argentina, which was affected by the Humphrey-Kennedy amendment, will be reconsidered. Nevertheless, General Viola made it known that he was not coming to buy weapons. In point of fact, if the amendment were to be revised, the consequences would be pro forma rather than practical as far as Argentina was concerned, inasmuch as arms supplies could be secured from other countries. In contrast, the restrictions on advanced nuclear technology sales constitute a problem that Argentina would be more interested in resolving at the moment.

If it were solely up to General Viola to assess what has been accomplished so far in the United States and if it were possible to stick exclusively to the present without waiting for future developments, the remarks made yesterday by the future president would suffice: "This trip has far exceeded my most optimistic expectations."

Trip Called a Success

Buenos Aires LA NACION in Spanish 19 Mar 81 p 18

[Article by special correspondent Cesar Ivancovich]

[Text] Washington--Lt Gen Roberto Eduardo Viola's working breakfast this morning with Vice President George Bush marked the conclusion of his activities in Washington.

This first phase of his trip, against the backdrop of the U.S. capital, could well be called its political phase. Everyone is aware, moreover, that it was crucial for the president-designate to perform this important mission successfully.

While still in Washington Viola asserted: "The objective of my trip has been more than achieved." He was referring to the outcome of his discussions in the State Department, the Congress and the Pentagon, which culminated in the White House with his meeting with President Ronald Reagan.

Understanding

But Viola was even more explicit when he voiced this conviction: "I am extraordinarily pleased with the overall result of my meetings." In citing

grounds for this assertion, he referred to the development of beneficial personal contacts and offered a set of consistent reasons. One of them was certainly the establishment of a mechanism for consultations "to smooth out frictions and seek common ground." To this he added that in all sectors of this country he found "an understanding that far exceeded my greatest hopes prior to the trip."

It was known at that juncture that a number of officials (such as Haig or Secretary of Defense Weinberger) would give him a friendly welcome, but the members of his entourage were more cautious, in some cases even pessimistic, when they considered the potential reactions of other figures or circles known for their critical stand towards the Argentine military government.

Political Skills

Nevertheless, Lieutenant General Viola's success in his meetings with the Foreign Relations Committees of the Senate and the House shows that he handled himself with exceptional political skill in these touchy situations. His convincing assertion that Argentina is resolutely headed for a stable, sound and efficient democracy unquestionably carried decisive weight here.

Furthermore, the attacks that were expected from the U.S. press, which is regarded as hostile, have so far not materialized.

Moreover, everything transpired in an atmosphere of complete calm. Not a single demonstration was staged; there weren't even any pickets, so typical of this country, carrying placards outside the places that Viola visited.

In brief, the political phase of his trip has been a complete success, and to judge by the cordial reception that he was accorded this afternoon here at the meeting of the Council of the Americas, all indications are that the economic phase will be successful too.

Meeting With Ambassadors

Buenos Aires LA NACION in Spanish 17 Mar 81 p 18

[Article by Enrique Ardissona, LA NACION correspondent in Washington]

[Text] Washington--Latin America's ambassadors to the White House meet periodically to exchange views on issues of inherent concern to the region and their respective countries. They did so again today, but the presence of Lt Gen Roberto Viola obviously accorded special significance to their get-together at the residence of the Argentine ambassador, Dr Jorge Aja Espil, who made the required introduction. In light of its length and the issues broached, the closed-door meeting easily met the expectations of the participants, especially because its ceremonial nature did not inhibit the spontaneity or the smooth flow of intercommunications. All of the ambassadors were familiar with the visitor's personality, some more and others less so, and they were also all interested in getting to know the major facets of the objectives that the future president of the Argentine Republic has set forth.

Viola clearly outlined the basic guidelines of the process that he intends to promote during his mandate, underscoring that the goal of his and his colleagues' efforts is to achieve a stable republican, representative and federal democracy. Prior to this, he mentioned the origins of the so-called National Reorganization Process and the accomplishments of the stage that drew to a close on 29 March.

According to his spokesmen, Viola stressed the unavoidable and urgent need to put an end to the already lengthy string of interruptions in the country's institutional life in the aftermath of disorderly or chaotic situations, such as the one that in 1976 obliged the Armed Forces to take power without delay. He cautioned, however, that haste must be put aside and that no one should think or argue that Argentina is on the road to an elective democracy today and in the immediate future. What has been done so far and what will be done during his administration is to lay the groundwork for this model.

The president-designate, who at the outset of his address had highlighted this further opportunity to renew Argentina's traditional and permanent interest in each and every one of the nations of the hemisphere, found his audience ready to join him in extolling the feelings of friendship that ought to prevail among the continent's community, on the basis of mutual respect and benefits, the pillars of a shared goal called regional integration.

A good example of this was evidenced in the quick exchange of ideas between Lieutenant General Viola and the ambassador from Paraguay, Dr Lopez Escobar, and they did not sidestep references to certain past incidents involving the two countries. The Paraguayan representative affably used the word "scraps" (aranzas) in referring to historical episodes that everyone remembers. However, he was more concerned with emphasizing that the wounds have healed and that an already longstanding reciprocal solidarity is being confirmed at present by the joint efforts involved in the major hydroelectric and other projects, which are also helping to strengthen relations between Argentina and Paraguay. Viola agreed, noting that these "scraps" are no longer of any significance, unlike the highly promising ventures such as Corpus and Yacyreta.

Uruguayan Ambassador Dr Jorge Pacheco Areco made some not at all uncalled-for remarks in commenting at some length on the trying struggle that his country and Argentina waged against terrorism, and his Brazilian colleague, Dr Antonio Da Silveira, underscored the expanding sameness of goals and the excellent relations between the two countries.

In conclusion, our informants took pains to emphasize the tact and poise exhibited by the Chilean ambassador, Dr Jose Miguel Barros, who found a way to refer to the Beagle dispute by saying that he was deliberately refraining from posing the question but wanted, on the other hand, to point up the importance of all the efforts being made by both sides to achieve an understanding. Lieutenant General Viola responded to this gesture by asserting that it would be hypocritical for him to say that the problem does not trouble him and that 30 percent of his administration's duties and concerns are related to this issue.

IBRE, OTHERS COMMENT ON RECESSION THREAT, JOBLESS RISE

IBRE Warns of Recession

Rio de Janeiro O GLOBO in Portuguese 19 Mar 81 p 32

[Text] The Brazilian Institute of Economics (IBRE) of the Getulio Vargas Foundation (FGV) fears that the nation's economy is in danger of succumbing to the symptoms of cooling off--recession--and of a drop in employment and that inflation, despite the government's efforts, is not yet showing signs of having reduced its virulent pace.

The IBRE analysis is contained in its "Monthly Letter" to be published in this month's issue of the FGV magazine, CONJUNTURA ECONOMICA. In general, the document is quite critical about the nation's current economic situation, focusing especially on the wage question and showing only a touch of optimism in asserting that "current monetary and fiscal policy should lead to a drop in the rate of price increases, possibly by midyear."

Sharing Sacrifices

The IBRE letter stresses the fact that no one any longer doubts the government's intention to contain inflation, together with the consensus that it is not feasible "to continue fostering high rates of economic growth at the cost of uncontrolled price increases.

"Unanimity of opinion ceases, however, at two other levels of discussion: first, as to the effectiveness of the means used to overcome the inflationary surge; second, as to the time frame and manner of sharing the sacrifices to be required of each segment of society."

The authors of the document acknowledge that such differences must be viewed as natural, although not in regard to specific points, about which there must be "a reasonable understanding of the consequences of each alternative option of economic policy in this difficult hour.

"One cannot, for instance, claim to support decontrol of interest rates and prices as a positive measure of economic liberalization and at the same time not admit that such action gives rise, over a period of several months, to a significant cooling of the economy, with unfavorable impact on the level of employment.

"Nor can one applaud restricting government expenditures at one moment and then later deplore the lower aggregate demand for goods and services."

Critical Points

The IBRE analysis then indicates some critical points of current official policy that, in its view, prevent or hamper reaching the intended results. Among them is the differential treatment given the various sectors of the economy, decontrolling interest rates for some--industry and commerce--and continuing the subsidy for others, such as manufactured goods for export, agricultural operating expenses and PROALCOOL [National Alcohol Program], where the cost of borrowing money is between 40 and 55 percent.

"As interest rates were decontrolled for only a segment of the market, maintaining subsidies for other sectors of activity, the part of the market that operates with decontrolled rates suffers proportionately more from higher interest rates."

IBRE contends that the government economic program must be made as flexible as possible, in order to achieve the proposed goals, "so that the parts of the whole can be adjusted to the new policy orientation with a minimum of friction and loss of strength."

"If the stabilization program remains tied to inflexible rules and unpredictable discriminatory treatment of various parts of the economic whole, the distribution of sacrifice will be inequitable. Some sectors are excessively pressured and are resisting the program, so that the authorities face the possibility of having to permit further exceptions to established conduct; such 'backing down' leading, in turn, to reaccelerated inflation."

Wage Question

According to the Getulio Vargas Foundation view, "such considerations apply directly to the scope of the new rounds of wage negotiations now underway."

"It is unthinkable to try and maintain the level of employment while at the same time reducing the rate of inflation if wages remain inflexible in regard to short-term adjustments resulting from temporary deterioration of the enterprise's cash flow."

The rule established by the law now in effect provides for rigid and automatic recovery of nominal purchasing power by those who earn up to 3 times the minimum wage--corrected on the basis of 110 percent of the INPC [National Consumer Price Index]--while those making more than 10 times the minimum wage are governed by lesser fractions of the INPC or by direct negotiation.

"This law does not provide the flexibility required by present conditions. The law does not provide, in short, for continued existence of the labor market, and it is essentially through the laws of the market that adjustments in the stabilization program must be carried out."

But, says IBRE, one must not jump to the conclusion that the existing system of wage correction contains an autonomous mechanism for inflation acceleration. This is because "in theory, the prevailing wage law merely confirms the current level of inflation, which in itself is already a very negative aspect. This is certain and categorical."

"Through the effect of refueling expectations, however, it is possible that (the wage-adjustment procedure) also provides an element of autonomous acceleration.

"To the extent that wage adjustments correspond to the inflation rate over the previous 6 months, with a 1-month lag, this practice tends to project the inflation increase for the immediate future, compelling businessmen to try and pass that effect on through the price system at a higher level, which in turn tends to erode the wage-earner's real purchasing power even further.

"This refueling circuit is exactly what happened in 1980. Despite the more frequent wage adjustments and more generous ones at the lowest income levels, clear deterioration of the average real purchasing power of such income was observed throughout 1980, due to the strong increase of the inflationary rate. Business firms were thus able to 'recycle' their costs and bring about some recovery in the level of production and employment."

Greater Unemployment

As IBRE sees it, "for the law not to provoke more unemployment--as, in fact, it did not do in 1980--there must be continued acceleration of inflation and increasing turnover of personnel.

"Looked at in another way, if the dynamic of the stabilization program does not include more flexibility in wage adjustments, inflation can be stabilized and lowered only at the cost of much more unemployment than would be inevitable in the alternative case of a flexible arrangement.

"If the curve of nominal wages is not duly deflected, it will enter a collision course with the falling volume of sales, which will result in more people losing their jobs."

The IBRE letter, after alerting society and the government to this fact, asserts that the situation could worsen if employment tenure is also approved, in addition to semiannual wage adjustment.

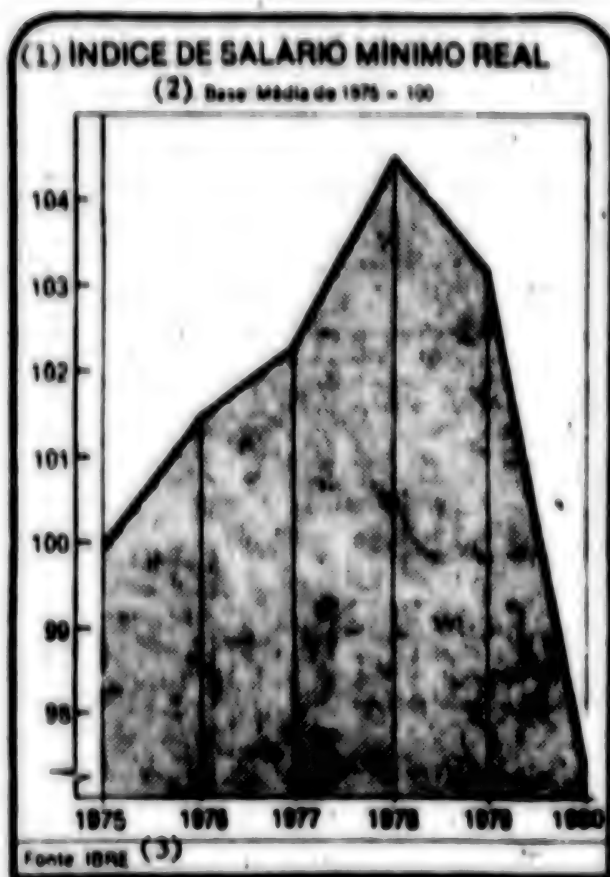
"If current labor negotiations should mistakenly sanction artificial mechanisms for compulsory employment tenure, business firms will make a compensating change in payroll costs through a radical reduction in the number of employees. This would be, so to speak, 'the market's revenge' against expedients established to circumvent the natural laws that govern economic relations."

[See chart on next page.]

Delfim Netto, Opposition Comment

Rio de Janeiro JORNAL DO BRASIL in Portuguese 15 Mar 81 p 35

[Text] Two years after President Joao Figueiredo assumed office, grounded in priority objectives so vital as equilibrium in the balance of payments, control of inflation and better income distribution, Brazil still has deficits in its balance of payments and an expanding foreign debt; inflation broke all records and there are still no indications of a change in the way national income is distributed.



Key:

1. Index of Real Minimum Wage
2. Base: 1975 Average = 100
3. Source: IBRE

Despite a moderate increase in agricultural production, there likewise is no reliable indication that the president's mandate to "fill the pot of the poor" has been fulfilled. That instruction was given by the president to the then minister of agriculture, Delfim Netto, who now, as planning minister, is the chief coordinator of economic policy. The climate of widespread optimism that marked the beginning of the current administration is revercing to undeniable pessimism.

The government, however, asserts it is continuing along the right road, that the balance of its positive achievements by far outweighs the difficulties faced and, as the planning minister declares, does not even admit to having changed the main outlines of its economic policy. "The development policy is the same one that President Figueiredo announced at the beginning of his term. What changed a little was the emphasis with which certain instruments have been used to execute it."

Petroleum and Interest Rates

As the government's chief spokesman in economic matters, Minister Delfim Netto insists upon attributing failures that have occurred thus far to the price of

petroleum and the behavior of international interest rates, which are now very much higher than those prevailing 2 years ago. These two factors, in his view, increased pressures that it was hoped could have been overcome last year.

Recalling that petroleum prices increased from \$2 to \$10 a barrel from 1973 to 1974 and from \$12 to \$36 in 1979-80, he acknowledges that the latter percentage increase was less but its absolute weight was much greater, "with disastrous effect on the balance of payments and on domestic costs, due to the price corrections we had to make.

"Moreover, the increase in international interest rates made it excessively expensive to finance the immense debt we were accumulating, to the extent that in 1981 their effect on the balance of payments will be greater than that of petroleum prices. Even so, and despite a not very brilliant performance by entry of foreign risk capital, we are now in a much more comfortable, much less critical situation than we were in during August of last year, for example," says Delfim.

Same Problems

In his view, this is why Brazil continues to contend with the most serious problems inherited by President Figueiredo: inflation, balance-of-payments deficit and the need to adapt the economy to the world energy crisis. "But we are going in the right direction, the direction recommended from the beginning. And the best proof of this is the results we have already achieved in the balance of payments, which is Brazil's great problem."

In reference to inflation, he contends that it will be overcome due to the control now exercised over monetary policy in a rigid fashion. In fiscal policy, he feels the situation improved considerably, "although this has required a substantial increase in the tax burden." In foreign trade, he sees it "a little bit better" and he sees the first signs of a reversal in the trade balance. Meanwhile, priority programs continue to be carried out.

Responsible Development

"What all of us must understand is that our capacity for growth is limited by our capacity to borrow, by the deficit in the current account. And that is why we cannot commit ourselves to an irresponsible program of accelerated development, but rather to concluding the work and the programs already underway," asserts the planning minister.

But he insists that this must not be confused with a commitment to recession. "Like every Brazilian, I would also like us to be able to continue growing over 10 percent a year. But if industry continues to grow at 6.5 or 7 percent a year and agriculture grows at 10 to 12 percent, where is this recession they have been talking about?

"What we have," he asserts, "are difficulties in the automobile industry. But I would like to know what automobile industry in any other country has shown better results than ours. The difficulty is widespread and it means that the automobile industry can no longer continue growing at annual rates of up to 15 percent, as had been the case."

Aureliano Admits Change

PORTO ALEGRE--Aureliano Chaves, vice president of the republic, stressed yesterday that "we are trying to make an appraisal to correct current economic policy so we can face the coming election fight with enthusiasm." He was responding to the request by Caxias do Sul political leaders for modification of the government's economic policy, which is causing serious dissatisfaction among voters in interior Rio Grande do Sul, the principal stronghold of the PDS [Social Democratic Party]. Chaves spoke at a meeting he held for 45 minutes yesterday afternoon with the Caxias do Sul municipal executive committee of the PDS, in which Welfare and Social Security Minister Jair Soares (candidate for governor in 1982) also participated.

View of Politicians Is Pessimistic

Brasilia--Appraisals of the first 2 years of the Figueiredo government by politicians varies. To Senator Roberto Saturnino (PMDB [Brazilian Democratic Mobilization Party]-RJ [Rio de Janeiro]), the results are plain to see: "Record monthly (8.5 percent) and annual (119 percent) rates of inflation and a clear picture of recession, with unemployment increasing and investments tumbling."

Senator Tancredo Neves (PP [Popular Party]-MG [Minas Gerais]), in a moderate but caustic tone, feels that 1980, although not quite a disaster, was undoubtedly destructive, with price increases exceeding the most pessimistic expectations. "Such gross errors were committed in implementing economic policy that we find it hard to believe the team now in command of monetary policy could have made them."

Confidence

Senator Homero Santos, first vice president of the PDS, also from Minas Gerais, acknowledges that the nation is going through difficult times and that there were distortions in economic policy, but believes President Figueiredo will be able to overcome them, with the help of the Brazilian business community and the effort being made by his cabinet ministers. He also feels "the confidence of foreign investors, to whom we owe a significant amount of money, is of great importance" for this.

In the view of opposition congressmen, the successive changes in economic policy were prejudicial to the economy. Senator Roberto Saturnino recalled that within only 2 years the nation had "three distinct economic policies: one during the period that Simonsen was chief of the SEPLAN [Planning Secretariat] and two since Delfim has been planning minister.

"These marches and countermarches breed insecurity in the business community, lack of confidence in authority and unbridled speculation, leading to an 'every man for himself' society."

The greatest criticisms concern the abrupt changes made by the current planning minister. To Tancredo Neves, the maxidevaluation unleashed the "inflationary monsters." Roberto Saturnino adds:

"The effort to artificially restrict imports, first with the compulsory deposit and then by creating taxes and the maxidevaluation, only intensified inflation, because the increased cost of raw materials eventually affected the whole economy."

The manner in which government expenditures were cut was harshly criticized by opposition congressmen. According to the president of the Popular Party, funds for the electric-power sector were cut indiscriminately while postponable and exorbitant expenditures such as those for the nuclear program were left untouched.

The same lack of selectivity in the plan for restricting imports, added the Rio de Janeiro senator, occurred in cutting public investments. He pointed out that, while PROALCOOL had a good injection of funds, PROCARVAO (National Coal Program) remains practically unstarted; development of high-powered alcohol-driven tractors and trucks was forgotten; and the transportation system, for the most part, was little changed.

The congressman notes that "as a result of the inability to restrict imports and the incompetence with which the energy question was handled, the process of foreign indebtedness accelerated. The government, in its anxiety to obtain funds to cover the balance-of-payments deficit, adopted a policy of raising domestic interest rates to force companies to seek funds abroad. Today the high borrowing costs that burden production have been transformed into one of the major forces of inflation."

"As long as the nation depends upon foreign capital, energy and technology," asserted Mr Tancredo Neves, "our days will be full of anxiety and turbulence. Reduction of such dependency must be a permanent objective of those who direct Brazil's economic policy."

According to the founder of the Popular Party, setting exchange correction in advance aggravated the balance-of-payments problems, while setting monetary correction in advance almost completely eroded the savings capacity of Brazilian society, which fell from 21 percent to 14 percent, an impact sufficient to explain the increased dependency on foreign capital, the rush to borrow and the reduction of investments with domestic funds.

"We have everything we need to overcome the adversities into which the nation has been flung by the shortsightedness of some, the incompetence of others and the universal euphoria of almost everyone," declared Mr Tancredo Neves.

He recommends a correction in investment policy that would adjust it to reality by investing only what can be financed from domestic savings.

In regard to this aspect, Mr Robert Saturnino contends that private investment should be redirected toward production of mass consumer goods with little dependence upon imported inputs.

Domestic savings and exports, Mr Tancredo Neves emphasized, should receive maximum incentives, to reduce the need for foreign borrowing. But, in his opinion, establishing a realistic exchange rate based upon the difference between domestic and foreign inflation is extremely important to prevent erosion of the capacity to export.

An essential component in adjusting economic policy, Deputy Homero Santos believes, is strengthening the PDS:

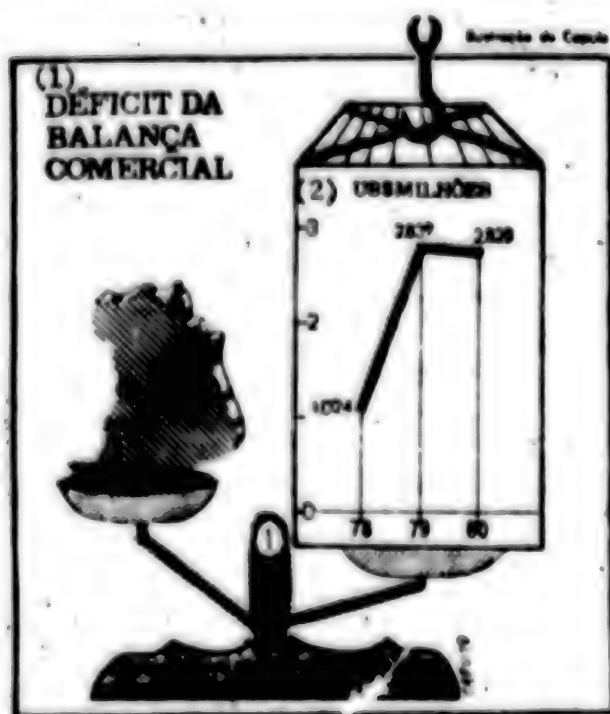
"I consider it indispensable that the party capable of providing support for the liberalization program receive the power needed to carry out a party policy capable

of uniting the concerns of the Brazilian people around the government program. I do not think there can be strong democracy without a strong party. The president and other leaders of the PDS must be in a position to exercise their mandate well, responding to the demands of their supporters. We do not want to take the place of the government experts, but merely to have the chance to assist them with suggestions, as we know the needs of the Brazilian people at first hand."

Senator Roberto Saturnino, less optimistic, sees the country on its way to a recession, with the middle class bearing the greatest share of sacrifice as compared to the class that has capital gains, and economic policy showing the tutelage of the International Monetary Fund.

Indicators of Economic Behavior

	1978	1979	1980
Deficit in Current Account (million of dollars)	6,990	10,020.6	12,178.0
Net Foreign Debt--Gross Debt less Reserves (billions of dollars)	31.6	40.2	47.5
Growth of Industrial Output (percentage)	7.1%	6.8%	7.9%
Cost of Living Index (FGV-Rio de Janeiro)	38.1%	76.0%	83.3%
General Price Index (FGV--Col. 2)	40.8%	77.2%	110.2%
Employment Index for December			
Rio de Janeiro Metropolitan Region	109.01	---	106.28
Sao Paulo Metropolitan Region	101.36	---	102.46
Petroleum imports (millions of dollars)	--	6,697	9,904
Price per Barrel (dollars)	--	13	35



Key:

1. Trade Balance Deficit
2. Millions of Dollars

Galveas Testifies Before CPI

Rio de Janeiro O GLOBO in Portuguese 20 Mar 81 p 19

[Text] Brasilia--Finance Minister Ernane Galveas yesterday said the nation will have high rates of inflation for several months yet, but asserted that measures already taken by the government should result in prices increasing proportionately less this year than last.

Speaking as the first witness before the recently-established Congressional Investigating Committee [CPI] of the Chamber of Deputies to investigate the nation's high interest rates, Galveas admitted that high business borrowing costs raise the final prices of their products. He said, however, that "reduction of interest rates during a period of inflation would increase business indebtedness even more, discourage savings and throw another log on the fire of inflation."

Although the CPI had been appointed to analyze the causes of the nation's current high interest rates, during over 4 hours of discussion the only congressman who brought the subject up directly was Deputy Herbert Levy (PP-SP [Sao Paulo]), who accused the government of promoting cost inflation by permitting decontrol of rates on bank loans.

According to Herbert Levy, there is no sense in the government claiming that the cost of money is determined by the market when it is imposing severe controls on credit expansion. With decontrol of interest rates, according to the deputy, this policy simply caused these rates to increase excessively. Herbert Levy says this will contradict the declared intentions of the government to stimulate production and employment, as interest rates are now as high as 180 percent a year.

According to the deputy, the government should have chosen to combat inflation through increasing the supply of goods and services and not by reducing demand, a policy that is causing employment levels to fall in the nation's major urban centers.

Galveas Replies

The finance minister, in turn, said the government is merely using experience and economic theory in trying to reduce price levels. He also disputed charges that official policy was recessionary, noting that the nation's output increased 8 percent in 1980.

Replying further to Deputy Herbert Levy, according to whom the government set limits far below reality for credit expansion, Galveas said the government could not permit monetary expansion at the same level as inflation, as this would mean sanctioning the price increases.

Banker Blames Government Spending

Rio de Janeiro O GLOBO in Portuguese 23 Mar 81 p 12

[Text] Florianopolis--Roberto Konder Bornhausen, president of UNIBANCO [expansion unknown], asserted yesterday that the main factor in Brazil's inflation "is really excessive spending by the government." He said the government spends more than it

takes in and as long as this situation is not corrected the nation's inflation will not be controlled.

On being asked whether he thinks Brazil can do anything substantial to solve its economic crisis, he explained that this would depend upon the world context. "Brazil cannot be an island," he remarked, adding that there are ample conditions to overcome such an obstacle but for the present, however, "time and appropriate measures" are needed.

Bornhausen does not consider the wage policy for automatic semiannual adjustments to be the basic factor refueling inflation.

"The main factor in inflation," he said, "fueling it and refueling it, is really excessive government spending."

He acknowledged, however, that there is "an effort to bring government spending down to a more appropriate level in relation to its receipts and, possibly, to a deficit fully supportable by increasing the public debt."

Wage Law

The wage law, in his opinion, "has some inflationary impact, because every time that people's purchasing power is increased, there is a refueling of demand. But," he added, "we must agree that, in an inflation at the rates we are experiencing, it is inevitable that there be intermediate adjustments." On the basis of that reasoning, he remarked that it is inconceivable for a wage adjustment to occur only once each year.

"This social necessity to restore wages should be perfectly manageable and perfectly supportable within the context of the economy," he asserted. The UNIBANCO president stressed that the government has been acting correctly according to its intention to carry out an economic policy of decontrol. According to him, it is not a decontrol of interest rates, but a decontrol of prices in the market, "and only in this way can there be a greater supply at attractive prices and a reasonable demand at reasonable prices." He pointed out that in the previous policy the opposite occurred; that is, a stimulus to demand without a stimulus to production.

"That created an enormous imbalance between supply and demand which clearly generated a very great inflationary factor," he said.

Crisis and Liberalization

In reference to Planning Minister Delfim Netto's performance, he was categorical: "The minister is making a pronounced effort mainly in this area of controlling the government itself, because it is very easy for the government to control and tax free enterprise, but it is extremely difficult for the government to control itself."

Admitting that managing an economic crisis in a liberal political system is very difficult, the UNIBANCO president asserted that even so he continues to feel "it is entirely manageable on top of liberalization, or on top of a completely liberal regime."

"At the moment when all of us have our prices set by the market, everything will go according to laws of the market. What happens is that in Brazil the bad habit was established of interfering profoundly in the market and wishing to alter natural laws of supply and demand. This is impossible and unworkable and only serves to disconcert management of any kind of business--financial, commercial or industrial," he asserted.

Netto Admits Employment Sluggish

Rio de Janeiro O GLOBO in Portuguese 20 Mar 81 p 15

[Text] Sao Paulo--Planning Minister Delfim Netto admitted yesterday that the nation's employment level "is not rising the way it used to," but denied that there is any significant expansion of unemployment. This is because "the monthly variations must be corrected for seasonal changes," which means, according to him, that the change in any one month does not represent the actual trend of employment.

Furthermore, the planning minister asserted shortly before a luncheon meeting with Governor Paulo Maluf and Deputy Nabí Abi Chedid in Bandeirantes Palace, unemployment has been increasing everywhere in all countries of the world, developed or not, "and Brazil would not be likely to escape the problem untouched.

"The most important thing," he asserted, "is that Brazil will continue growing, at a rate between 5 and 6 percent this year, easily. There is not the slightest doubt of this and we will continue absorbing the manpower corresponding to that rate. What we cannot do is grow faster than the balance of payments permits us, as the upper limit of our growth is the domestic rate of savings formation. We must increase the savings rate so we may finance in a noninflationary way the projects that are underway and thus give employment to all."

Wage Policy

The planning minister also admitted that wage policy "is inflationary and may even be changed," adding, however, that the government does not intend to alter this policy, at least for now.

"The government is merely listening to the discussion of the subject. It is, in fact, beneficial for training in democracy."

He was, however, unable to explain the origin of the "proposal" to change the wage law, saying ironically that "perhaps it originated with you, with the press."

Delfim reiterated that, contrary to what businessmen assert, the country is not having a recession, as the government's measures are intended only to maintain a growth rate consistent with the needs of the economy.

"Nothing is retrogressing in the nation. Agricultural production continues to increase and this year will set its second straight record. We will have a much bigger harvest than last year. What fell off a little was demand for automobiles, simply because there is no demand for automobiles. It happens that the Brazilian nation is buying fewer cars because prices tend to be corrected."

In regard to the drought in the Northeast, Delfim said it will contribute to aggravating inflation, but noted that the rain which has been falling in the region will permit more water to be retained.

"It is thus probable that we will have no serious problem, as the areas are already being prepared for planting. We have sent seed to Northeastern farmers and we hope the rainy season will continue to be normal."

He thinks inflation will fall this year and a drop can be expected starting in April.

Employment, Labor Turnover Rise

Sao Paulo FOLHA DE SAO PAULO in Portuguese 19 Mar 81 p 23

[Text] Brasilia--Aggregate employment in January increased over that of December in 6 of the 10 major Brazilian metropolitan regions. However, except for the nation's two largest markets--Rio de Janeiro and Sao Paulo--labor turnover increased in all 10 state capitals surveyed during the same period and industrial employment fell in 6 metropolitan regions.

Aggregate employment fell in the nation's two largest labor markets: by 0.80 percent in Sao Paulo and by 0.05 percent in Rio de Janeiro. It also fell 1.21 percent in Fortaleza and 0.56 percent in Recife. The greatest increase, 0.87 percent, was in Curitiba, followed by Belem (0.83 percent), Belo Horizonte (0.05 percent), Salvador (0.05 percent) and Porto Alegre (0.19 percent).

This information was reported yesterday by the economic staff of the Labor Ministry, based upon a survey made by the SINE (National Employment System) in 3,830 business firms of the 10 largest Brazilian state capitals, with a total of 2,650,000 employees. The sectors surveyed are civil construction, industry, commerce and services.

Industry provided less employment in 6 of the 10 metropolitan regions surveyed. In Sao Paulo the sector provided 1.30 percent less employment; in Fortaleza, 1.69 percent less; in Rio de Janeiro, 0.59 percent less; in Recife, 0.72 percent less; in Salvador, 0.60 percent less; and in Brasilia, 0.28 percent less.

Reversing a tradition, civil construction showed an employment increase in 7 of the 10 metropolitan regions surveyed, whereas commerce and services had a worse performance. The sector's growth was negative only in Fortaleza, Belo Horizonte and Brasilia, with 1.71 percent, 0.79 percent and 0.97 percent loss, respectively.

Commerce reported a decrease in all 10 metropolitan regions and the service sector, in 3. Recife had the greatest decrease in both sectors, with 3.28 percent and 0.47 percent less, respectively.

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CSO: 3001

RENEWED INTEREST IN DIALOG, FUTURE TRADE WITH USSR DISCUSSED

Rio de Janeiro JOURNAL DO BRASIL in Portuguese 12 Mar 81 p 16

[Article by Moscow correspondent Noenio Spinola: "Mission to Brazil Conveys Change in Moscow's Tone"]

[Text] Moscow--A new Soviet mission arrived in Brazil, headed by the director of the Department of the Americas of the Foreign Trade Ministry, Nikolai Zinoviev. News of the mission reached Moscow through businessmen interested in trade between Brazil and the Soviet Union.

The most significant disclosure about relations with Latin American countries occurred during sessions of the 26th Congress of the Communist Party. In the Brazilian case, the tone was conveyed by Chairman Brezhnev himself, contrasting with the criticism of 5 years ago. Specifically naming Mexico, Brazil, Argentina, Venezuela and Peru, he said he "noted with satisfaction extension of mutually useful relations between Moscow and the Latin American countries" and was ready to "develop them even further."

Expansion

Interest in expanding Soviet trade beyond the borders of the socialist bloc, where its major trading partners are located, continues a trend adopted by the current leadership since the 25th Congress, 5 years ago.

One week after being launched, however, the so-called Soviet "peace offensive" ran up against the conditions imposed by the United States for opening a direct Brezhnev-Reagan dialog, and one can feel behind the scenes a certain pessimism about the possibilities of resurrecting East-West detente.

In the stage that prevailed before the 26th Congress, Brazil-Soviet Union relations moved along without long strides, although without major complications. Unlike Argentina, which found in grain exports a convenient outlet for unloading its exports and signing contracts for importing technology and equipment, Brazil had neither pressure to sell crops nor the same technological interests. The initiatives known in Moscow for some time--studies for technology transfer, limited petroleum purchases and a half-dozen projects involving heavy equipment--come and go.

It is possible that the political tone of the congress and the possibilities of international detente, despite stumbling into El Salvador, Poland and the verbal conflicts between the White House and the Kremlin, have contributed to renewing interest in Brasilia in more constant dialog with the Soviets.

The latter, following the patterns of one of the world's most reserved diplomacies, does not even report the missions. Even so, and despite the reserve with which the Brazilian Embassy in Moscow conducts itself, it is possible to deduce an approximate calendar and a tentative agenda.

For example, it is hoped that the joint commission of the two countries will have a meeting, which this time is to be held in Moscow. Last year the commission operated in Brasilia. As President Figueiredo accepted an invitation to come to the Soviet Union, it can naturally be hoped that the subject will be discussed as soon as representatives of the two countries meet at a more formal level.

Another possibility would be to discuss only business matters, leaving political issues for the future. But in that case the meeting of the joint commission would have a much narrower and circumscribed significance or could even be replaced by more contacts at the business level.

Interest

But this is an area where channels of communication on both sides have functioned poorly. Brazilian experts with broad experience in dealing with socialist countries find that our side lacks persons with enough knowledge of the area to carry out negotiations of mutual interest, not necessarily representing the government. This is what Japanese, Italians, Americans (the oldest is Armand Hammer, of Occidental Petroleum, who even knew Lenin) and representatives of various other nationalities do.

It is not easy to know what the Soviets really think about their relations with a given country, but in strictly commercial terms some coordinates were clarified in an article written by the same Nikolai Zinoviev and published in *INTERNATIONAL AFFAIRS*. "The volume and structure of trade," says the official, "are not the only factors influencing economic development of the Latin American countries. Trade with the Soviet Union makes it possible to reduce the crude pressure from the imperialist powers. It also reduces the opportunities these powers will have to impose their own terms on trade with Latin America."

Criticism of "imperialism" is an inevitable part of the rhetoric with which Moscow's spokesmen try to give a certain political flavor to the messages they send to countries with waves of nationalistic fervor or allies oriented toward the same plat-forms and interests. In any event, the fact is that the article written by the chief of the Department of the Americas of the Foreign Trade Ministry also contains specific indications of */how/* [in boldface] commerce with his country can be economically advantageous.

The payment periods he mentions, for example, are 10 years and the interest rates are 4.5 to 5 percent--among the lowest in the world--in case of furnishing Soviet equipment. When one recalls that international interest rates in the West are now nearly 20 percent, the Soviet difference can weigh quite heavily in the balance.

Soviet trade with Latin America expanded more rapidly in the 1970 decade, in keeping with the process of international detente. The peak occurred between 1978 and 1980, when two-way trade (purchases and sales) amounted to 3.5 billion rubles, compared to 2.7 billion in the 5 previous years (the ruble is quoted officially on the basis of

\$1.50). Estimates for 1980 trade are 1.5 billion to 2 billion rubles (about \$3 billion). Even so, in 1979 Latin America represented less than 1 percent of the Soviet Union's foreign trade and only 6.5 percent of its trade with developing countries.

Exports

The list of items sold by the Soviets reflects the nation's stage of industrial development: hydroelectric plants, equipment for mining and the petroleum industry, machine tools, tractors, excavators and automobiles.

An interesting point discussed by Nikolai Zinoviev is the role of private enterprise in this trade. He said explicitly that "until quite recently the USSR sold goods to Latin America whose sales, according to the laws of nearly all Latin American countries, were prerogatives of the state. Now, however, increasing volumes are being sold to individual firms that buy cars, tractors, watches, chemical products, and so forth."

It would be hard to imagine Brazil buying cars from the USSR, but in regard to technology and equipment the field is quite broad. What is interesting, according to data in the published article, is that "most exports of Latin American products to the USSR are made by individual firms and involve transactions for wheat, coffee, meat, corn, soybeans, vegetable oils, nonferrous metals, fruit, wool and sisal."

Although Argentina and Brazil represent 90 percent of Latin American trade with the USSR, other countries have sizable projects in which the Soviets are involved. What accelerates trade with Argentina is the enormous demand for food and grain. In 1980 the Argentines bought and sold about 1.1 billion rubles of goods here.

In July 1980 the two countries signed an agreement for delivery of 4 million tons of corn and sorghums and 500,000 tons of soybeans per year. According to Nicolai Zinoviev, the agreement was signed "despite pressure from the United States, which wanted to prevent an increase of sales by Argentina to the USSR." In return, Russia is selling the Argentines turbines for the Salto Grande hydroelectric plant and material for the Costa Nera and Baia Blanca plants.

The complaint is that the Argentines are not buying much in return--which also applies to the Brazilian case. In 1980, for instance, Soviet trade with Brazil fell considerably, to 250 million rubles. Suspension of petroleum sales (resumed on a limited scale at the end of the year, more symbolic in character than of any real significance) and the difficulties of importing soybeans from Brazil were given as causes of the weak volume of trade with the country.

Petroleum

The article by the chief of the Department of the Americas of the Foreign Trade Ministry passes over the question of petroleum in Latin America, mentioning only one or two cases of furnishing equipment. In referring to Mexico, it says the Soviets have exported to that country medium-sized tractors, knocked-down machines to be assembled in Mexico and equipment for exploration ("turbo-drills").

Overtures have been made in the Brazilian case (also not mentioned) to develop petroleum prospecting, and the PETROBRAS [Brazilian Petroleum Corporation] president

even said it would open an area for risk contracts with Soviet firms, if the case arose. All indications known of here, however, lean more toward pure and simple furnishing of technology and technical assistance than toward direct participation in risk taking.

At the stage it is in today, the economic relationship with the Soviet Union can develop toward various areas and the mission that is in Brasilia will certainly explore all the terrain.

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CSO: 3001

COUNTRY SECTION

PREPARATIONS FOR UPCOMING SPARTAKIAD EXPLAINED

Havana VERDE OLIVO in Spanish 15 Mar 81 pp 48-49

[Interview with Col Andres Torres Hernandez by Ramon Garcia Martinez: "Our Immediate Goal--The Fifth Summer Spartakiad"]

[Text] One of the fronts where the FAR [Revolutionary Armed Forces] have done successful work in recent years is physical and athletic preparation. These important activities, which serve to supplement troop combat training, are sponsored by the Combat Training Directorate of the FAR which is now headed by Col Andres Torres Hernandez.

An eloquent sample of this efficient work can be found in the results achieved by military athletes in national and international events during 1980, when the total number of medals won by far exceeded the number in 1979 in terms of quantity and quality.

We talked to Col Torres Hernandez about various topics relating to the athletics committee of the MINFAR [Ministry of the Revolutionary Armed Forces]; the work currently being done by the athletics unit with high-performance athletes; the development of military sports in recent years, the activity of FAR athletes during the 1980 Moscow Olympics, and our next participation during the Fifth Summer Spartakiad of Friendly Armies.

[Answer] Everybody knows that the practice of sports in the FAR is an integral part of physical training for troops and furthermore constitutes a very important means of military instruction and education, contributing to the development of athletic, moral, and recreational qualities in young men.

In looking at the idea of increasing mass sports activities on all levels it was necessary to create the sports committees whose function it is to plan, direct, and systematically promote the conduct of events in units and at military training centers. Within the MINFAR we thus also created this organization as the highest level for the sports movement in the FAR.

Right now we are considering the lessons learned in the sports development of the FAR and in other countries of the socialist camp and we conducted studies and analyses on the creation of a new sports subsystem which would meet the current in-house needs of our FAR and which in turn would contribute to the better participation of the FAR within the national sports system concerning massive attendance and high performance.

[Question] In 1969, the FAR joined the Sports Committee of Friendly Armies and since then participated in all activities planned by that institution. What is your opinion of the contribution made by the CDEA [Sports Committee of Friendly Armies] to our FAR over those 11 years?

[Answer] The moment the FAR joined that organization, we detected the positive influence which it exerts on the development of physical training and sports in the armed forces of the countries constituting it, as a basic principle of their charter.

Sports promoted by the CDEA have been numerous. This enabled us to measure ourselves on an international scale with high-grade athletes, many of whom are national champions of Olympic and world standing. Mutual contacts and scientific-technical cooperation with highly trained cadres also enabled us to learn much in this respect. These meetings also contributed to the improvement and training of our instructors, technicians, and athletes in various disciplines; we also learned through courses and scientific-methodological conferences on physical and athletic training.

One very positive thing was the fact that the Fourth Summer Spartakiad of Friendly Armies was held in Cuba and that enabled our people to get to know and fraternize with the best athletes of the socialist world and other invited countries, furthermore facilitating the enjoyment of this tremendous activity which was so highly significant to our FAR and to the nation in general.

[Question] I would like you to tell us something about the Cuban military sports movement and its development over the past several years.

[Answer] First of all we want to say that our FAR, from the very first years after the triumph of the Cuban revolution, assigned significant importance to the practice of mass sports activities and competitive sports as a fundamental aspect guaranteeing the best possible physical and mental training of our fighting men. This was implemented by starting with the educational, recreational, and social character of these activities, thus contributing to the improvement of combat training and combat readiness in our units while on the other hand helping to improve the discipline and political-moral level of our troops.

There is no doubt that, after the Fourth Summer Spartakiad was held in Cuba, the sports movement in the FAR grew considerably stronger and gained new followers among the vast mass officers, sergeants, enlisted men, and civilian employees who felt more motivated to participate in the internal championships of the units and on the FAR level. During those years we held national sports festivals and games and an average of 10 or 12 annual competitions in which participation sprang from the rank and file as a competitive principle in our sports system. In addition, there was growing participation by military athletes in the advance selection and national selection of teams to attend the Central American Games, the PanAmerican Games, and world and other games in the Caribbean area, on the continent, and outside.

[Question] What can you tell us about the work being done by the sports unit of the FAR, the agency responsible for providing physical and technical training for high-performance athletes?

[Answer] As a high-performance center, the sports unit so far has done meritorious work; in spite of the difficulties arising from our status as an underdeveloped

country, whose technical-material limitations are necessarily reflected in multi-lateral support conditions, we can point to advances and achievements in the sports performance of a large number of athletes who were able to win first place and impressive scores in national and international tournaments, thus adding to the prestige of Cuba whenever they represented us.

In 1979, military athletes in an exemplary fashion were able to win a total of 330 medals and in 1980 they topped that, winning 380; that includes a larger number of gold and silver medals than the year before. This is evidence of the progress made during those years of hard fighting and constant dedication by the command, by the instructors and trainers, by our sportsmen, and by our support facilities.

[Question] What is your evaluation of the activities of military athletes during the last Olympics in Moscow in 1980?

[Answer] More than 20 military athletes attended the Olympic Games in Moscow, with some of them making up teams such as handball, water polo, and canoeing while others performed in individual sports, such as marksmanship and bicycle racing.

This makeup helped achieve the results recorded by those teams during the Olympics. Some of the outstanding cases include the kayak competition with Pvt Reinaldo Cunill Infante, who for the first time qualified during the summer Olympics, as well as the water polo player Sgt 1st Cl Orlando Cowley del Barrio, whose team was able to get into the final round and was able to win fifth place.

This progress would not have been possible if we had not maintained good discipline and a high level of political awareness and ideological firmness. Nevertheless, we believe that our results so far are not enough, that we have a long way to go, because factors such as those listed above confront us with a high and sustained sacrifice in the overall accomplishment of the duties which each individual has to himself and to his group.

[Question] It would be interesting for the readers of this magazine to get your impressions on the preparations and participation of Cuban military athletes for the coming Fifth Summer Spartakiad of Friendly Armies, which will be held in the People's Republic of Hungary. What can you tell us on that score?

[Answer] The Summer and Winter Spartakiads constitute the main sporting events held by the CDEA every 2 and 4 years, respectively. Both of these competitions play a very important role in the development of physical and athletic preparation among the armies of the countries of the socialist camp; they outstandingly contribute to the strengthening of friendship and brotherhood among the military athletes constituting the armed forces that are members of this organization.

Our Cuban athletes are right now training with enthusiasm and devotion for the competition in the People's Republic of Hungary in which they will display the high training level attained.

After these years of tough and continuous work, with greater experience and more solid international backing for our athletes, the FAR will participate in this Fifth Summer Spartakiad in various disciplines with no less than 60 athletes. It is the highest aspiration of our athletes to be among the first five and, most importantly, to strengthen the bonds of friendship and brotherhood with all athletes from brother countries who will participate in this grand celebration of socialist military sports.

REPORTAGE ON WOMEN TRAINING IN MTT UNITS

Havana VERDE OLIVO in Spanish 15 Mar 81 pp 34-37

[Article by Luis Lopez: "The New Marianas"]

[Text] What greatness there is in them! They are revolutionary women, mothers, wives, workingwomen; love, tenderness without equal, unbreakable determination. That is what these women are like.

What is happening now once again brings back memories of 20 years ago. The circumstances triggering them are the same and the determination of that former generation and this present generation is the same.

The first women comrades arrive at the Gerona park at 0730. The curious onlookers observe the uniform and the monogram which they have on the left shoulder, reading Isle of Youth. This Sunday begins for them as they wear a sky-blue shirt and a beret on the head.

Their faces show happiness regardless of age. There are young ones, 15-year olds, perhaps a little more; others have facial features cut by the passage of time, many nights of vigil and tropical sun--but they also manage a smile.

Yesterday and Today

The platoon falls in. It still lacks the dexterity of those who are accustomed to obeying commands. The platoon marches off and the effort to improve with every passing day begins.

For Adys Nubia Llorente, the "hup-two-three-four" of the FAR [Revolutionary Armed Forces] training officer is nothing strange. "That is how I began in the militia in 1959, in Havana. We marched even amid the rejection of those who hated the revolution or the contempt of those who did not realize that women could shoulder rifles and defend their homeland, just like men.

"At that time, the family did not fully understand what this was all about. I am saying this because in my case, when they learned that I had joined the MNR [National Revolutionary Movement], I had some problems with my parents; now, on the contrary, it is the parents who are the first to approve that decision.

"Later on I was picked to go to school, one of them in el Morro and the other one in La Cabana; when I was called up to join the Lidia Doce Battalion, I joined what

was then called la Beneficencia; I marched all the way to Guanabo and dug my fox-hole whenever the danger of invasion was close. Then I returned to civilian life as a command cadre.

"When I was called up again, I was assigned to agriculture; that is when I arrived on this island. Today I am working in the citrus enterprise as chief of internal services."

Adys and Carmen de Lara Vazquez know each other from those years of revolutionary convulsion and bitter class struggle, when women were able to grow. Now once again they are in the common frontline of defense.

"Yes, that was a very difficult period when the survival of the revolution was at stake," added Carmen while she prepared to kneel on her left knee. "At that time, my attitude was in line with a feeling, not like today, since I am more mature today and since my degree of awareness is higher. At that time I had just learned how to read and write and later on I joined the 'Frank Pais' volunteer teacher teams. After that I went to the Sierra Maestra and, while teaching, I organized the militia units in that area.

"We lived that period of youth very intensively, becoming women ahead of our time because the enemy forced us to do that."

Carmen's life is still intensive; she is assistant principal at the "Ruben Martinez Villena" teacher training school and she studies higher education at the university. "There can be no rest," she says, "because there is so much to be done."

The Marianas Militia Women

"Isle of Pines, you were terrible, no mother could see you, because amid your always peaceful people was hidden the monster with the cruel entrails."

The Model Prison was the most outstanding feature of the island, a kind of Cuban exile for those who "had attacked" the country's constitutional laws.

It was precisely there, in what today is the National Monument, that the "militiaman's oath" was drafted. Again and again, it came from thousands of throats: "We swear!" With one knee on the ground and the fist closed tightly, because this is how the children swear before their fatherland, this is how they pledged to defend it.

On that day, there was no crying among mothers, no pain or hatred because of a son who had been murdered in prison. Full of emotion, they received their rifles and this time they did so as full-fledged Marianas, as, slinging their arms, they shouted their oath: "We swear!"

Walkiria Cabrera Cardoso said: "I believe that our ceremony was one of the best in the establishment of the militia units; it was very moving; I can assure you that each one of us felt proud to be wearing this uniform.

"I was listening to Fidel's speech, clear like always, and he was talking about the economic and political problems we face. He talked about the threats facing us, the possible aggression and the defense of the fatherland through the Militia Forces of the Territorial Troops."

Walkiria paused to try to organize her thinking a little bit. This is not the first time that she has responded to a call. She also joined the "Conrado Benitez" brigades to learn how to read and write in Baire in 1961; when there was a need for teachers, she marched all the way to Minas de Frio, finishing her studies at the Santiago de Cuba normal school.

"When the secretary-general of the labor union section in the factory told us that she had openings for the militia, I volunteered immediately. I knew that my husband would support my attitude and that my children would be proud of my decision."

Most of the women comrades who constitute this small unit that assembled here today have children and one of the women comrades has eight of them. Nimble thoughts motivate the sisterly smiles and there are those who say that this is what happens at a time when there was no television. But the woman in question answered in a very simple but precise fashion: "That means that we have eight more soldiers for the fatherland."

Let us look at the specific case of Celia Garcia Hernandez. Her family's life has lately been linked to national events: the Territorial Troops.

"I have no problem because we practice on Sundays. Today, for example, I got up early and fixed breakfast for Javier and Andres, my sons; I straightened up around the house a little bit and then I left. They know that they must help me because their father, before going to the militia battalion commander school, told them clearly that they would have to help me in our household chores.

"They are pioneers and they were present during the swearing-in ceremony on 28 January. Thus you might say that the entire family was present and found out how you perform certain tasks in the Militia Forces of Territorial Troops.

"I think that women can do everything: defense, production, and duties as wife and mother; they can do even more when they are helped by their husbands and children. Right now, doing your revolutionary duty also means doing your duty toward your children because you have to give them not only love and attention but you also have to make sure that they will enjoy these things thanks to those who have given their lives."

We meet these women comrades just about anywhere, going off to classes, doing administrative or management work, or being directly involved in the production process. Their work in those areas is also outstanding and they have the prestige of the group. These are also trenches in this common battle which calls for a new fight every day.

For the First Time

The platoon moves off toward the firing range of one of the FAR units. Susana Sarabia feels more familiar now with her AK [assault rifle] than she was the first time. She wears her canteen and ammunition pouch together with the bayonet properly on her belt while she marches with her rifle in the slung position. Arriving at the firing line, she assumes the prone position and aims at the target. There are moments when Susana, in looking at the target, can only see tiny luminous dots which move around in confusion until everything clears up again. Then she releases the trigger safety.

"The first time I fired was very impressive for me. I felt nervous because I was holding a rifle in my hands for the first time. But there were those who kept pulling the trigger and firing bursts all day long. I tried to calm down, to aim the way they taught me, and I managed to squeeze off just a few short bursts."

Now Susana feels more competent and useful in spite of the fact that she is only 20 years old. When she arrived at the Isle of Youth, she volunteered to work in the ceramics factory, a job which she does along with her studies at the Applied Arts School.

"This is the kind of decision you have to make by yourself; I was sure that it was my duty to join the Militia Forces of Territorial Troops. Then I wrote to my mother, who is on a mission abroad, and I informed her as to what I had done. I knew that she would approve and that she would be happy with the decision I had made."

There was no time for anything more. The platoon returned, singing and laughing. For some members, such as Susana, this is an opportunity to do her duty, to accomplish something which until now had only been a dream of the generation that was born with the revolution. For others, such as Carmen and Adys, this means continuing on the same well-known road.

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BRAZILIAN JOURNALISTS INTERVIEW SALVADORAN GUERRILLA LEADER

PY031515 Rio de Janeiro JORNAL DE BRASIL in Portuguese 31 Mar 81 Section B p 5

[Interview with Salvadoran guerrillas by Arlete Soares and Arnaldo Grebler "some-
time in late 1980" in El Salvador]

[Text] [Question] What are the positions you hold within the Farabundo Marti Na-
tional Liberation Front [FMLN]?

[Answer] Comrade Ignacio is a member of the organization. I am Valentin, a leading
member of the FMLN.

[Question] I would like you to tell us a little bit about this organization.

[Answer] The FMLN is one of the four most important organizations in the country.
The others are the comrades from the People's Revolutionary Army (ERP), the Na-
tional Resistance (RN), and the Salvadoran Communist Party (PCS).

The FMLN was born on 1 April 1970 after 10 years of ideological struggle within the
Communist Party and other more advanced sectors of the labor movement with the ob-
jective of establishing a strategy that will enable the people to achieve their
freedom. The FMLN was created at that time because during the sixties and the
seventies the PCS had ceased to lead the revolutionary movement in El Salvador as
it had done since 1932. But since 1 year ago the party has been playing an active
role and has again assumed its leadership. The basic objective of the FPL is,
therefore, to establish a political-military strategy which we in the FMLN have
chosen to call a popular exhaustive war. It is an integral war that includes other
types of combat strategy such as peaceful and legal struggles and even the highest
forms of struggle by the people: armed revolutionary struggle.

We took the name of Farabundo because he was the founder of the PCS. He
was also the founder, during the 1930's, of the Socialist Party of Guatemala, and
in Mexico he participated with the communist brigades. He tried to create a Central
American Communist Party and he contributed much to the creation and evolution of
the labor sector in the Central American region and he also headed, within the PCS,
the 1932 insurrection.

[Question] What are the long- and short-term objectives of the FMLN?

[Answer] Our main objective is to defeat the military tyranny that has been in power for about 50 years. Another objective is to defeat the bourgeoisie sector of large land owners who control over 80 percent of all the land in the country.

[Question] Is the Sandinist revolution an example for you? What are the differences between the Sandinist revolution and the Salvadoran revolution?

[Answer] Our movement is inspired by a Central American spirit. We believe that our revolutionary struggle is a Central American struggle and that the struggle that will be undertaken must be elevated at the highest levels of Central American solidarity and militancy. For many years we have been separated into six countries. Because of its intrinsic characteristics we believe that the revolution in Nicaragua is a just cause, but it is not the same as ours despite the fact that we are experiencing basically the same situation. Since we share the same political history we have the same fate. We believe there are more basic things that unite us than differences that separate us.

[Question] But El Salvador has not had a dictator like Somoza?

[Answer] The dictatorship in El Salvador has not been exercised by a family, but through a chain of military groups which have held power uninterruptedly since 1932 until today. Since then power has been in the hands of the military and the people have been the victims of the most cruel repressions.

[Question] Will a change in El Salvador also affect other Central American countries?

[Answer] Since Central America is a single territory it is natural for events that affect one country to directly affect the others. The solidarity of other Central American countries like those of the Honduran people, the Guatemalan people, the Nicaraguans and Panamanians is most import to us.

[Question] What is your opinion of the current political movement in Brazil?

[Answer] Regrettably we have very little information regarding the Brazilian movement. We know about the 1960's and we very much admire the struggle of the Brazilian revolutionaries, the struggle of the people in seeking their democratic demands and revolutionary objectives. However, at the Latin American level the revolutionary movements do not currently communicate sufficiently. We appreciate the efforts that are being made in Brazil for an opening and for achieving freedom and independence.

[Question] What do you think about Soviet policy regarding the invasion of Afghanistan?

[Answer] We place it within the strategy of the international proletarian movement. We believe that socialism is our basic strategically abroad, and within it the Cuban revolution and the Soviet Union are important allies. We have solidarity with the Soviet Union, which has come to the aid of a sister nation that was struggling for its liberation and that was being threatened by Yankee imperialism. The Pakistani reactionary regime and the clique of Chinese Mandarins, all of whom were

plotting to destroy all the efforts the Afghan people were making to achieve their liberation. We therefore have solidarity with the Soviet Union.

[Question] What is your considered opinion of the Cuban revolution?

[Answer] As all the Latin American peoples and all the revolutionaries, we believe that the Cuban revolution, has been prior to the Nicaraguan revolution, the most significant event in the struggle of Latin American peoples during the last few decades. Socialist Cuba has become a source of inspiration for all peoples and all revolutionary forces. Cuba has made important gestures of solidarity toward our peoples, and its international solidarity has reached the point of heroism regarding the African peoples. We greatly appreciate the great progress achieved by the Cuban revolution in the fields of economy, culture, science and political-military affairs, despite all the sabotage and aggression displayed by imperialism, which has allies among Latin American military dictatorships. We support the Cuban revolution and are prepared to defend it, to give to it our modest contribution.

[Question] What are the changes you plan to implement here?

[Answer] First of all we see the need to change the military apparatus which traditionally has oppressed the people, the need to build a new popular revolutionary army and to establish a Democratic Revolutionary Government [CDR]. The CDR must be antioligarchic, democratic and anti-imperialist by nature. At this point we foresee the nationalization of the main means of production, the banks, big trade, the agricultural exports, and the large factories which are in the hands of the oligarchy.

[Question] What is the status of political prisoners here? Is there torture?

[Answer] Prior to the 15 October coup d'etat the Romero administration killed hundreds of political prisoners. The junta has been applying a different policy. It has relatively few prisoners because, as a general rule, the patriots who fall in its hands are murdered. However, the barracks of the National Guards, the National Police, the rural police and the political police host many prisoners, mainly workers, farmers, teachers and students, even progressive professionals. Torture has been used here for a long time, and currently it has been systematized. There are schools for torturers of the National Guard; its teachers are U.S. counterinsurgency experts. Every one of the repressive organizations has a group of torturers led by instructors.

[Question] Is it valid to make a revolution which merely demands more bread, land and money? What are, in your opinion, the dreams of man, of the people?

[Answer] Above and beyond its economic needs, the people have a political goal: the destruction of the oppressive regime because this is the only sure way to attain a more fair economic situation.

[Question] What is the role of racial, sexual and ideological minorities in this revolution of yours?

[Answer] We have practically no racial problems here. As far as ideology is concerned, the truth is that in our bourgeois society the predominant ideology has

always been the bourgeois ideology. We believe that with the destruction of oligarchy and the establishment of a new society, proletarian ideology will become the ruling ideology and the people will be able to set up their own values. As for the sexual situation, we protect the rights of women; we do not believe that the struggle of the women is different from the struggle of workers and farmers: it is a component and the result of class oppression, and it is the working woman and the peasant woman who are the most oppressed of all. In this regard we have always struggled for women's rights. We have made great efforts to organize peasant women, working women and teachers, of whom 80 or 85 percent are women. There is a very strong organization which is called Andes 21 June which is made up by many women comrades. We have been advocating the organization of women of all levels of struggle, from the lowest rank and file to the highest political and even military levels. We have women comrades who are leaders, militia commanders and we have had great examples, which have served to inspire the people, of women comrades who have died in the struggle against the enemy and others who are currently fighting the enemy.

[Question] Is it true that about 40 percent of the FMLN leadership is made up women?

[Answer] Yes, approximately 40 percent are women.

[Question] Some of your political banners have been claimed by the junta as their own, such as the agrarian reform, the nationalization of foreign trade and of the banks. What is the difference between the proposals of the left and those of the junta?

[Answer] As for the nationalization of banks and foreign trade, these reforms have not brought any relief to the people. Things are different regarding the agrarian reform, the people are with us struggling for the agrarian reform which we are proposing.

[Question] How is the agrarian reform which you propose and what is the difference between it and the one which the junta is proposing?

[Answer] First of all, our agrarian reform is aimed at expropriating large tracts of land from the hands of the oligarchy, something which has not been done so far. The fact is that the reverse is taking place now. Under the current agrarian reform there are very large ranches which, thanks to the influence of the oligarchy, are returning to the hands of large-estate owners. The agrarian reform has been used as a pretext to send enormous numbers of armed soldiers into rural areas. During the takeover of practically every ranch the troops carried out massacres because the junta met with the resistance of the people. The small villages around the ranches were destroyed and abandoned because the people did not give their support. The people fled from the repression and those who did not flee went into the jungle to join the guerrillas. Now, our agrarian reform is much broader and it is aimed at the destruction of one class: the oligarchy. The agrarian reform of the oligarchy has neither the dynamism nor the broadness which it should have within a revolutionary process.

[Question] What are the chances of U.S. intervention?

[Answer] We operate on the basis that U.S. intervention is a fait accompli here. What we fear is a direct military intervention, an undisguised intervention. Here we have high-level Yankee advisers and committees at all levels of the armed forces. There have always been committees here but now there are more. The brigades have increased their number of soldiers and officers, in addition to U.S. advisers. Thus, during some military operations we can see inside the tanks, U.S. marines wearing local uniforms who have joined the struggle against the revolution. In any case, we could say that a more open revolution will be their death. This country will become their grave, like Vietnam. This kind of intervention will awaken feelings of anti-imperialism and unity in Central America. It is certain that all the countries have improved their revolutionary spirit a great deal and a military invasion would merely stimulate the struggle of Central American peoples.

[Question] The church plays a very strong role in El Salvador's revolutionary process. What do you think about religion?

[Answer] In this country the Catholic religion has very deep roots both in urban and rural areas and at this point it has a great deal of influence on revolutionary ideas. These ideas are the predominant ideas of the country and the church has been unable to remain aloof from the influence of revolutionary ideas. We cannot speak of the church as a whole but only about the advanced sectors of the church, its progressive and revolutionary sectors. We do believe that these sectors play a very important role in the heightening of revolutionary awareness of the people. They will also have a very important role in the phase which will follow the struggle, the takeover of power. Currently the participation of the Christians is very active, especially among the peasant masses. A significant portion of our comrades are Christians who have joined the armed struggle, political struggle and economic struggle in keeping with their Christian conscience, which is being raised to the highest levels of social awareness.

[Question] For you, the only revolutionary path is armed struggle. If we look back in history we see that when the revolutionaries take over power they become dictators. Could not we speak of Soviet imperialism in the same way we speak about U.S. imperialism?

[Answer] It is obvious that every kind of power, every government and every state is a dictatorship of a given class which controls wealth and production. Here we have a dictatorship, the military dictatorship of oligarchy. There is also socialism which is a dictatorship of a given class: the dictatorship of the majority over the oppressive minorities, the dictatorship of workers and peasants over the minorities.

[Question] Where in the world can you find this, really? A true dictatorship of the people, the peasants and the workers in power?

[Answer] We call the socialist countries dictatorships of the proletariat; the Soviet Union is a dictatorship, but a dictatorship of the proletariat. We do not accept the idea of Soviet imperialism. Yankee imperialism is defined as the highest level of development of aggressive and expansionistic capitalism, this is not the case of the Soviet Union. We struggle for a government of workers and peasants.

When we speak of a Democratic Revolutionary Government, we mean that they must be represented in this government and this is our main goal. They must be represented not only by their party and their organizations, not only by their progressive parties but also by their mass organizations which will be the basis of the revolution. Our regime will be a broadly democratic regime, the broadest democracy for the masses which have been oppressed so far.

[Question] What is the difference between the regime of the Christian Democratic Junta and the regime of the ousted General Romero?

[Answer] Essentially there is no difference, the junta is the continuation of a fascist military tyranny. It is just another link in the chain of military dictatorships which have oppressed the country since 1932, and there is no need to delve too much to realize this. The difference is merely formal, merely demagogic. The junta does not have the support of a mass Christian Democratic Party. The Christian Democratic Party had at least four important branches. Only a small group remains from its rank and file: the most reactionary faction involved with the army, is the faction which preferred to take the side of the military men rather than that of the Democratic Revolutionary Movement. It is a very small faction which does not have mass strength, it does not have representativity and it does not have the support of the rank and file.

[Question] When the government speaks of extreme left and extreme right, it places itself in the middle.

[Answer] Among the instructions for counterinsurgency which imperialism has issued for implementation in this country there is one psychological maneuver which it has highly recommended to the junta: that it should try to prove that there is an extreme right and an extreme left and that the government is in the middle. The truth is that the government is the extreme right. There is no extreme left here; what we have here is the people and the revolutionary democratic forces.

[Question] After the kidnaping of Foreign Minister Borgonovo by the FMLN in 1977 there was already talk that the revolutionary forces would take power soon. The same talk was heard in 1979 and now I hear again that the takeover of power is close.

[Answer] We launched our struggle in 1970 and we have always said that it would be a long struggle. We never believed in setting deadlines or dates because this undermines the confidence in the organization. We never set any deadlines in our statements. We believe that now we are prepared for the decisive battles. For us, this is a crucial year; and this is not just talk but is based on the objective situation which we are now experiencing. The general strike held in July, under extreme psychological pressure from the regime and amid strong repression, has demonstrated the level of organization of the people. The military forces of the people will grow and their techniques will be improved. The people are getting ready for the strategic battle. Operations are taking place every day here. The enemy is downplaying its casualties and there are clashes in rural areas of the country every day. We do not say that we are about to take over power; we always try to be objective and prudent in this regard. We believe that we are now preparing ourselves for the decisive battles, preparing ourselves from the political, military and logistic viewpoint as well as with regard to our unity and military materiel.

[Question] What are the basic differences between the groups which propose to carry out the revolution?

[Answer] For many years the Salvadoran revolutionary movement has been divided and factionalized. Several organizations appeared at different times and under various circumstances, advocating different political tendencies, following different strategies, employing different tactics and even upholding different ideologies and different modus operandi. In any case, during the seventies, through a process of revolutionary actions against the enemy, after learning the way in which people operate, after teaching the masses and through a process of ideological struggle between the various organizations, the movement gained maturity and support and began its internal rapprochement. Thus the most important things now are the points of agreement and not the disagreements. Therefore, even though there are differences at the political and military levels, there is something much more important: in addition to having established the unified revolutionary leadership, the revolutionary coordinating board of the masses and the Revolutionary Democratic Front, we have the joint banner of the movement, which is the program of the Democratic Revolutionary Government.

[Question] You say that one of your main enemies is the United States. When you take over power, what will be your attitude toward it? Will you ask it for loans as Nicaragua has done?

[Answer] We want to maintain relations with all the nations of the world that are prepared to respect our self-determination, or sovereignty, our right to shape our own destiny, our right to create a new society. We plan to maintain friendship and relations with all governments of the world on this basis. As for the relations with the United States, the Salvadoran people, like all the Latin American people, harbor anti-imperialist feelings. The truth is that here in our country we have not been looking for imperialists to fight with, they are the ones who have come looking for us here.

CSO: 3001

COUNTRY SECTION

EL SALVADOR

BRIEFS

WEAPONS SALE--Hanoi has found a source of foreign currency; it is supplying, to guerrillas throughout the world, at Soviet instigation, American weapons taken from stocks abandoned by the U.S. in Vietnam. The rebels in El Salvador has just received a 60-ton shipment of such weapons. [Text] [Paris LE POINT in French 39 Mar 81 p 64]

CSO: 3100

JUNTA MEMBER DISCUSSES RELATIONS WITH U.S., ECONOMY

Managua EL NUEVO DIARIO in Spanish 15 Mar 81 Nuevo Amanecer Cultural Supplement
p 8

[Interview with National Reconstruction Government Junta member Dr Sergio Ramirez Mercado, by Guillermo Zamora, correspondent for the Mexican EL DIA; date and place not given]

[Text] [Question] Relations with the United States have become substantially more difficult in recent days. What is the position of the Nicaraguan Government with regard to this situation?

[Answer] We still hope for a basic understanding with the United States, and when we speak of a basic understanding we mean permanent, free of subterfuge, clear, firm and face to face.

The United States has had a change of administration. We hope that the United States will decide as soon as possible to maintain with us the only kind of relations which can be maintained with a poor country, poor but honorable, recognizing us as a sovereign nation. We are, I repeat, a poor country, but a serious and mature one. It is true that problems have occurred and the report you wrote which was carried in the newspaper EL DIA on 7 February contained, we can say, a high degree of truth. There have been problems of understanding, of pressure, but not only do we hope but we are certain that the difficulties will be overcome, must be overcome. Because if we do not achieve this understanding, there will be difficulties. Obviously we will not be so haughty as to say that in the confrontation with Nicaragua the United States will be defeated. No, but history teaches what problems powerful countries may encounter by clashing with smaller ones. I am speaking of this in hypothetical terms only, since we really want this understanding, and not confrontation.

[Question] Given the complexity of the revolutionary process, how can we relate the attitude of the opposition groups to the process with the policy of the new U.S. administration?

[Answer] Without a doubt, in a study of the political situation in Nicaragua, one cannot isolate it from the international situation. Some of the traditional political forces in the country have a desire to reestablish the situation consistent with their own interests.

The difficulty encountered by an eminently revolutionary process such as ours in finding its path within a system of political pluralism and mixed economy must be

recognized. It is presumed that a triumphant revolution of an armed sort like this one should have already defined a much more radical scheme for facing up to the dissatisfaction of the masses, not only in the economic sector but in politics. However, this is a question of choices. The revolution has chosen the mixed economy and political pluralism, and this embodies within it the germ of its own contradiction. Those individuals here who launch cunning attacks on the revolutionary process, who falsify its results, the figures and the real situation, have full freedom to express themselves and even full freedom to confuse. This also has to do with the change in the international picture, with the new government in the United States, which has given certain reactionary sectors in the country great hope, in the belief that they will receive more definite support for their intentions.

These politicians want the situation to deteriorate on the domestic and foreign levels, so that the FSLN [Sandinist National Liberation Front] will find it impossible to continue governing the country, so that a state of chaos, of uncontrollable anarchy, will develop, such that some foreign forces can take control to the benefit of a minority in the country. For they know that the FSLN can only be overthrown by an armed insurrection, and the people who overthrew Somoza must necessarily participate in it, and however much I force my imagination, I cannot imagine that the poor, the barefoot, the humble of this nation will pick up guns to put into power a gentleman like Robelo who is, among other things, a landowner. The illusions of Robelo and his people are very arrogant. The revolution has its difficulties, but we will overcome them with the people.

And what if they can shut down some of our international sources of aid? Then we will find others. We cannot say that we do not need foreign aid, but one should not lose sight of the fact that these gentlemen are making an effort to have these international sources closed to us. From the moment a gentleman like Jose Esteban Gonzalez of the Permanent Commission on Human Rights goes to Rome to report that we have thousands of political prisoners here, when the only prisoners here are some murderous guards, and that we are systematically engaging in torture and that hundreds have disappeared, when Robelo goes to Venezuela and shouts that there is a Marxist-Leninist dictatorship and a totalitarian party here, and they also go to the United States and voice other similar lies--none of this is an accident, but simply an effort to achieve their hopes and to get these international sources to close off their aid, their gifts, their credit to us to make our situation more difficult and provoke chaos which will lead to foreign intervention. This is the only way in which they can achieve their aspiration.

It is in this connection that they make their most serious mistake. If by ill chance there were to occur such a foreign intervention here in Nicaragua, these individuals would not survive, neither they nor their interests, because there is a government born of the guerrilla force here and guerrilla fighters who waged the struggle and created the potential for this undertaking, eating frogs and lizards for years in the mountains and drinking contaminated water, and the poor and the barefoot who have never had anything--they have nothing to lose.

If there is a deterioration of the situation which leads to a dramatic crisis, either because of financial or economic strangulation, or as a form of intervention or military action, the foreign troops will not march to the door of Robelo's house to take him to Government House, because neither his house nor Government House will exist any more. When these people talk in these terms they are thinking of a subsequent result: they want economic aggression or military intervention.

[Question] Three months ago I heard Commander Daniel Ortega make the following statement on the weekly program "Face to Face With the People," involving the Nicaraguan Livestock Breeders Association: "If the mixed economic undertaking fails...the Sandinist political and economic undertaking will have failed." What can you say about this?

[Answer] We have adopted the mixed economic option not as the result of pressure from a foreign or domestic source. Instead this choice was made at the time of the triumph, when the victory was won through the political will of the FSLN and the Sandinist revolution.

Now if forces here continue to try to destroy the viability of this project, if some persons here prefer allying themselves with foreign forces which want to interrupt the process instead of supporting this undertaking, the process will have to change its nature, much against our will, because what is at stake here is the survival of the revolution and the survival of an independent country, a sovereign people. Thus when we put the death of the revolution or a change in the choice of undertaking on the balance, we will inevitably choose survival of the revolution.

[Question] In interviews I have had with a number of individuals in the popular sectors, I have found a certain discontent with the rise in prices of items the people consume.

[Answer] The revolution is confronting the following problem: We undertook the revolution with the masses, who are characterized by great purity and honesty. This is a revolutionary people but they are backward generally speaking in terms of their perception of the reality, the problems facing the country, and this is not their fault but a result of the situation into which we were plunged in the past. Many people who fought, who took up arms, who joined in the insurrection, had short-term expectations of great revolutionary achievements. In other words, better wages, well-being, housing, health, etc. It is obvious that we do not have now either glittering hospitals with 500 or 600 beds or modern operating rooms. We do not have technical schools for 2 or 3,000 students in the precincts or rural valleys. This is a dream of the future. We are prepared to build this future, but while dealing with these difficulties we are encountering now. We must recognize that we are caught in this contradiction: we cannot grant substantial wage increases because this would lead us into an uncontrollable inflationary process. We do not have the production indices to justify wage increases. They would mean money with which one could buy neither goods nor services since we are not producing them at this time. And on the other hand we are daily faced with the impact of the rise in international prices of products, the inflation brought in from outside. Currently, for example, an increase in the electrical energy rate has been ordered because 60 percent of our energy is produced using bunker oil.

Oil prices are going up every day, and the increase in the price of electrical energy in turn has an effect on various prices, ranging from fertilizers and insecticides to the price of ice and many other industrial products consumed by agriculture and the people. In order that milk will not rise in price, we are subsidizing it, because the production of it uses much electrical energy. The same is the case with irrigated rice crops.

To this must be added the price increases oil itself brings about, the increase in the price of products derived from oil and other articles made abroad which in turn need oil, the prices of which are going up every day. Every day the industrial products we receive are more costly, and on the other hand, on our coffee harvest, which will come to 1.3 million quintals this year, we are losing \$60 per quintal because of the abrupt drop in prices. Last year we sold coffee at \$180 per quintal. This year we are selling it at an average of \$115 to \$120. This means a loss of \$90 million in income. This is the real situation in the country.

As a result of this, certain sectors of the population do not understand what is happening. We are trying to explain these difficulties to the people, and for this reason we maintain direct contact with them, through television and radio programs. We go to the factories, to the trade unions to speak with them. We meet with their leaders, and we go to the rural sector. However, we see that this is not enough to provide an overall understanding of the problem.

Now then, concerning the question you asked, this is where certain domestic and foreign right-wing sectors make a mistake, in believing that this discontent is directed against the revolution and in favor of the counterrevolution, in other words against the revolution and in favor of the powerful sectors which do not want to lose their old privileged situation.

Because the poor, when the time comes to choose, will in any case choose the revolution. In other words, if we ask them to choose at a given moment in the situation between the rich and the revolution, they would opt for the revolution. It is necessary to understand clearly that this is not discontent which favors the powerful.

[Question] Certain communications media which are opposed to the revolutionary process in Nicaragua maneuver some situations so as to give the impression that there are basic differences among the five members of the JGRN [National Reconstruction Government Junta], while at the same time the junta tyrannizes the FSLN.

[Answer] There are natural differences in the collegiate body. There has not been a single case in which this new junta functioning since May of last year has failed to adopt a decree by consensus or unanimity. The government junta works in total unanimity, without any doubt.

Two of the five members of the JGRN are members of the Democratic Conservative Party, and serve on the junta in their personal capacities. The other three members are in the FSLN, and we participate in various of this organization's bodies. There is a national leadership council, but all three of us belong to the Sandinist Assembly, which is the central consultative body of the FSLN, and we are also members of the state commission, another FSLN body which deals with affairs of state. There are no contradictions between the policy of the national leadership and the work and the activities of the JGRN. There would be contradictions if the junta were suddenly to issue a decree liberating the 5,000 pro-Somoza prisoners we have. There would naturally be a contradiction with the FSLN if we said that we wanted to give the banks back to their former owners.

There is an understanding as to the political line and it is not a forced understanding but a functional one which has never had any setbacks. It would be a naive concept to say that the JGRN could govern the country without the FSLN, because it is the latter which has influence in the trade unions, the peasant organizations, the mass organizations. And thanks to this capacity, the influence of the FSLN, the measures can win acceptance. The government of Nicaragua does not exist in a vacuum, but within a political complex in which the influence of the FSLN is truly determining. Without it it would not be possible to govern.

The reactionaries say, in order to discredit the FSLN, that the army belongs to it. This is like discovering that the sky is blue, since the army, the police and the security forces are all made up of former combatants, people who fought with the FSLN, so that these organizations could not fail to be affiliated with it.

I see no contradiction between a government junta which is the highest executive body in the country and the FSLN, which is the highest political and moral authority.

This is not something which the junta granted it by decree, for the FSLN is the force guiding this process and that which brought this people to triumph.

5157

CSO: 3010

ASSIGNMENT OF ARTURO CRUZ TO WASHINGTON ANALYZED

Managua LA PRENSA in Spanish 14 Mar 81 p 2

[Commentary by Clemente Guido: "The Four Paths"]

[Text] As the waters are now calming after the storm provoked by the removal of Dr Arturo Cruz from the Sandinist government junta so that he could be sent to Washington, we can perhaps undertake a political analysis of the Sandinist maneuver.

If we take into account the fact that the Sandinists are under pressure due to the poor economic situation of the country, and that this situation cannot be corrected without foreign aid; if we take into account the fact that foreign aid can only come from the United States, "the enemy of mankind;" if we take into account the fact that the "enemy of mankind" has been waging an international campaign with the so-called "white paper" in which they claim to present the proof of Sandinist intervention in the internal affairs of El Salvador; and if we remember that when a resident tells the others in a neighborhood that he knows that the wayward boy broke the windows in the house of another neighbor, it is because he thinks he can regain the value of the broken windows in one way or another--then we can only think that the battlefront in Washington will be the most crucial one for the armed Sandinist party.

We must conclude as a first premise that the most important battlefront of the FSLN [Sandinist National Liberation Front] is that in Washington.

It must be remembered that Dr Arturo Cruz wanted to return to Washington for family reasons, those who regard themselves as his friends say. Also, Dr Cruz is very familiar with the big fish in the financial and political world of the "enemy of mankind." On the other hand, he is an affable man, not overbearing, who always wins sympathy at first glance, appearing very intelligent and astute. Also, Dr Arturo Cruz was not proving very useful in Managua, since the battlefront had moved to Washington, and because of everything said in these paragraphs, it leaps to the eye that this member of the "big five" was the best man to put in command on the line of greatest danger for the Sandinists.

Second premise: Dr Arturo Cruz was the most likely man to be appointed to Washington, where the FSLN needs its best financial general to persuade the "enemy of mankind" that dollars should flow to the Sandinist government.

If we accept the above two premises, the conclusion is obvious:

Dr Arturo Cruz was not retired by his colleagues in the FSLN, but was transferred to the battlefield, where he will be more useful because he is the best general the Sandinists have in the economic field at the present time.

There is no resignation and no punishment. There is mutual convenience.

What then will result from the activities of Dr Arturo Cruz in Washington?

Any child could answer without hesitation: either he will obtain the dollars for the Sandinist government or he will not. Elementary.

If Dr Arturo Cruz obtains the dollar amounts the Sandinist government needs to emerge from the economic crisis which is sinking it now, two things can happen:

a) The Sandinists may receive the money and undertake to consolidate the Marxist-Leninist revolution without any threat to the neighboring countries or the security of the "enemy of mankind."

Naturally, this would mean the end to any effort to install a democratic government such as the Democratic Conservative Party wants in Nicaragua.

b) The money may be received and the FSLN may commit itself to paving the way toward pluralistic democratization of the revolution, promulgating an electoral law and convoking elections for a constituent assembly to draft the political constitution of the country within the framework of moderate socialism, with the election of the president of the republic as the culmination of it all. Then the Nicaraguan revolution would be institutionalized, but within the framework of Western democracy. This is what we revolutionary democrats would like to see.

If Dr Arturo Cruz does not obtain the dollars the Sandinist government needs to emerge from the economic test, then two other alternatives would be created:

1. The Sandinist government would turn toward the Soviet bloc, and if the rubles to help it emerge from the economic debacle in which it is plunged are obtained from there, it would become a Marxist-Leninist government totally subservient to Russian imperialism.
2. If the Sandinists can obtain neither the dollars from Washington nor Russian rubles, then the economic crisis and the hunger of the people will oblige them to convoke pluralistic and democratic elections, which would stabilize the country politically and economically. Then we would have a truly democratic regime, one of social progress benefiting all social classes, as the Democratic Conservative Party wants.

We can see clearly from the above analysis that two paths lead to the establishment of a Marxist-Leninist system in Nicaragua different only in being under the protection of different empires.

The other two paths would lead to the establishment of a democratic and pluralistic regime, with true social justice, without class hatred and without the dictatorship of the proletariat.

The Sandinists are at a crossroads. For this reason the dispatch of Dr Arturo Cruz to the line of greatest danger means life or death for the regime of the nine commanders.

NICARAGUA

'LE MONDE' CITES NICARAGUANS ON POLARIZATION, VIOLENCE

LD271101 Paris LE MONDE in French 27 Mar 81 p 4

[Dispatch by Francis Pisani: "Nicaragua: Conservative Opposition Condemns Radicalization of Regime"]

[Text] Managua--The new 1-cordoba (national currency) piece which was to go into circulation this Thursday 26 March bears not only the bust of Sandino, the precursor of the present revolution, but also two slogans which go together less easily now than they did at the time of the July 1979 victory. "We trust in God" is one--the one which featured on the old coins--while the other, "free the homeland or die," is the Sandinist National Liberation Front's [FSLN] rallying cry.

Conflicts in Nicaragua are taking an increasingly violent turn. Incursions by former national guards now stationed in neighboring Honduras are increasingly frequent. FSLN official organ BARRICADA front-pages the articles published in the WASHINGTON POST and the NEW YORK TIMES on the Cuban and Nicaraguan counterrevolutionaries' training camps in Florida, while the opposition newspaper LA PRENSA is saying very little on the subject.

LA PRENSA is, however, publishing a constant stream of articles on the serious incidents which took place Saturday 14 March. On that day the Nicaraguan Democratic Movement [MDN] was to hold a meeting at (Nandaime) south of the capital. The interior minister had given his permission provided the meeting took place with walled premises, but hundreds of members of Sandinist mass organizations mobilized to block the roads around (Nandaime) between Friday night and Saturday morning. Demonstrations took place in several cities in the country and frequently got out of control. For instance the MDN headquarters was burned down and several MDN members were injured. Elsewhere there were clashes between students. In several cities the automobiles owned by "rich people" or members of opposition parties or the higher Council for Private Enterprise (COSEP--the employers organization) were burned.

Friday 13 February identical incidents took place at Managua International Airport where a group of members of the Standing Committee on Human Rights (CPDH), who had come to welcome CPDH national coordinator Jose Esteban Gonzalez, were beaten up.

"The Sandinist authorities' arbitrary actions and serious violations of human rights have dropped," CPDH executive committee member Baltodano said, "but violence

is increasing and could cause a state of anarchy." According to Mr Baltodano the figure of 8,000 political prisoners put forward by Mr Esteban (who is accused of launching an "international campaign to damage the revolution's image") is based on statements by government members who had spoken of 7,500 national guards in detention and on denunciations collected by the CPDH. "We now accept the authorities' figure of 4,500 but we are demanding a complete list of prisoners. The difference between the two figures may be explained by the fact that people are being released without our being informed."

Class Struggles

The recent demonstrations of violence make some observers think that the regime is adopting a harder line. Other diplomats hostile to the Sandinistas think that these events are merely incidents without any special significance since, in their view, it is obvious that the FSLN national leadership has intended to establish a classical people's democracy from the outset.

"We are trying to accomplish successfully a difficult task," Maj Daniel Ortega, coordinator of the government junta of national reconstruction, told us, "namely to maintain political pluralism and a mixed economy in a situation in which the class struggle is reaching explosive levels. The main obstacle to this plan, the reason for this polarization is the lack of flexibility by the political faction representing the private sector. It is still possible to settle everything, but this group, which does not represent all private entrepreneurs, must understand that the revolution is a reality within which we can coexist. At present their attitude is sparking off the class struggle."

The capitalists are not investing and the economy is functioning thanks to a huge increase in the overseas debt: production and productivity have fallen and the country is likely to experience serious supply problems soon. The population has had to accept that the revolution did not bring any miracle and that the leaders could make mistakes. But many workers, who have very strong "antirich" feelings, are spoiling for a fight and are prepared to launch a new insurrection. Dialogue between the two camps is increasingly difficult.

In the short term the Sandinist leaders seem less afraid of a foreign intervention than a process of gradual "destabilization" aimed at ultimately overthrowing them. "The bourgeoisie's strategy is clear," one of them said: "They are attacking in the economic, ideological and religious spheres. When social collapse has reached a critical level the former national guards' attacks will be able to tip the scales in their favor."

For his part Enrique Dreyfus, main leader of the private sector, stated: "We have acted in a spirit of great patriotism and are guided by the unshakable desire to see real democracy established in Nicaragua. We are not seeking power but we would not be acting like good Nicaraguans if we kept quiet about the misguided trends in the revolutionary process." The bourgeoisie is trying to avoid a confrontation. Some of its members have apparently even asked the Reagan administration to be more flexible with the Sandinistas because they think the fruit will eventually fall by itself. It is true that the Sandinistas have the means of radicalizing the process in keeping with the wishes of a section of the population.

'LE MONDE' VIEWS NICARAGUAN ECONOMIC PROBLEMS

LD061223 Paris LE MONDE in French 3 Apr 81 p 3

[Francis Pisani dispatch: "Nicaragua--Who Is Responsible for the Economic Crisis?"]

[Text] Managua--The economic situation is serious. The bourgeoisie and the Sandinist Front are at least agreed on that point. Aside from that each blames the other for 1980's inadequate growth: the reconstruction plan provided for a 22 percent increase in the Gross National Product but it only increased by 11.5 percent.

The authorities accuse the bourgeoisie of sabotaging the country's rebuilding. But the bourgeoisie blame the Sandinist Front and its inability to create the climate of confidence which any capitalist needs if he is to invest.

The most serious aspect is the lack of currency. Somoza only left \$3 million in funds before leaving Nicaragua. For 1980 the new revolutionary authorities had obtained loans amounting to \$460 million. But the private sector accuses them of not succeeding in mobilizing all of those funds.

The increase in internal demand can be explained by the fall in unemployment: from around 30 percent at the beginning of 1980 it has fallen to its present level of "only" 17.5 percent of the working population. This relative improvement has led to a major increase in consumption of essential foodstuffs. The government has been forced to import more "basic cereals" than planned. The suspension of U.S. aid for imports of wheat has obviously not done anything to improve the situation.

The Higher Council for Private Enterprise's annual report stresses that the government has not invested as much as planned in the construction sphere but it gives no indication of the private sector's behavior in that sphere.

In private, however, the directors admit that the government's verdict is well-founded: there has been virtually no new spontaneous investment on their part aside from investment to ensure that their factories continue operating.

"They are complaining," Economist Oscar Rene Vargas told us, "but their profits have increased, at least in relation to investments and, in some cases, they have even done so in absolute terms." Indeed everything does not seem to be going so badly for everybody: for instance the number of bars and restaurants in the country has been seen to increase in the past few months.

The junta has drawn up an "austerity and efficiency" program for 1981. Oscar Rene Vargas thinks that the three key problems are: How to make the public sector profitable at the lowest social cost? Indeed some firings seem inevitable. How can the private sector's surplus income be transferred to the public sector at the lowest political cost? Finally, how can the production of "basic cereals" be increased?

The Sandinist Plan

Some Sandinists think that the policy so far followed gives preference to a conventional monetarist view as compared with a "productivist" view which they regard as more in keeping with the country's needs. "Our economic model," former Junta Minister Cruz said, "should conform to the revolution's objectives, in other words reducing dependence without disregarding the realities of interdependence and facilitating social changes. A mixed economy strikes me as fully appropriate for that. We in the government [as published] agree that there must be a serious economic calculation taking account of the cost of any development. We cannot abandon the productive effort or the defense of the economy in the face of inflation."

Since the Sandinist economy is based on a mixed economy, all technical discussions in fact depend on the quality of relations between the private sector and the authorities. Those relations are bad. One side is convinced of the existence of a "strong totalitarian tendency." The other is not far from saying that "the bourgeoisie is in league with imperialism in its effort to stabilize the regime." The government should not "presuppose that its political adversaries are enemies," Arturo Cruz said. "But the private sector must also accept that the revolution being carried out is an irreversible fact. Together they should find the means of giving it an eclectic character. For that dialog is vital but that does not necessarily mean there must be general negotiations."

Although everything is not going as well as it might between the employers' organization and the junta, there is real cooperation at practical levels. For instance the owner of the country's biggest sugar refinery (60 percent of production) is busy negotiating an agreement under the terms of which he would reinvest some of his profits in exchange for a tax reduction. The fisheries minister who controls almost all the fleet has just proposed selling 30 percent of its capacity to individuals. The mill owners have promised not to fire anybody despite the wheat shortage due to the suspension of U.S. aid. In another, no less important sector the Agrarian Reform Ministry is preparing to turn around 20 medium-sized state farms into cooperatives.

At international level the revolutionaries are busy developing acceptable relations with the Western financial community, Alfredo Cesar, who is responsible for the country's whole financial apparatus, told us. The foreign banks, he said, are only placing one condition on their participation in Nicaragua's development: "That the country's potential, which they know, be exploited. They realize that the revolution is capable of developing it." According to Alfredo Cesar, "Several banks are waiting until the renegotiation of our debt is completed before supplying new money."

BRIEFS

EXPROPRIATED FARMS RETURNED--The small and average producers can regard the review undertaken by the revolutionary government of cases in which it intervened or expropriated the land as one of their most significant achievements. Various farms belonging to small and average producers in which the government intervened or which it expropriated will be returned, exchanged or sold, depending on the situation of each former owner. The purpose motivating the revolutionary government to take this step is to strengthen the interests of the small and average farmers so as to integrate them in and unify them with the national reconstruction process. Specifically, it is not always a matter of returning the land, since in many cases various negotiations will be allowed, such as for example the return of a farm different from that in which the government originally intervened, an opportunity for the former owner to participate in the profits and working of the land, etc. These arrangements were approved because on a number of the farms, the INRA [National Institute for Agrarian Reform] has already made investments increasing the original value of the land. [Excerpt] [Managua BARRICADA in Spanish 15 Mar 81 pp 7, 12] 5157

GERMANS ATTEND COURSE--On Friday evening, a course in economic planning and management held in the auditorium of the Nicaraguan Public Administration Institute (INAPI) ended, after 3 weeks of intensive work sessions in which about 140 revolutionary government technicians and officials and a group of economists from the GDR participated. Commander of the Revolution and Minister of Planning Henry Ruiz thanked the German economists sent by the State Planning Commission of the government of this brotherly country, stressing "the enthusiasm and discipline" shown by the participants in the course. [Excerpt] [Managua BARRICADA in Spanish 15 Mar 81 p 7] 5157

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